PROJECT PRONTO

PRODUCT OVERVIEW

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One Bell Plaza

Concourse Auditorium

[CONVERTED INTO MICROSOFT WORD DOCUMENT FROM ORIGINAL FORMAT]

MR. CRUZ: Welcome, everyone, to the broadband UNE CLEC forum. This meeting is a genesis for several different conversions and activities in our industry. Specifically one of the biggest ones from our perspective is SBC's investment in the PRONTO architecture and fiber build-out that we're going to deploy over the course of the next three years. And so the purpose of this meeting is to inform the CLEC community of how -- what SBC's unbundled plan will be with respect to that architecture.

In addition to that, I think we have a lot of other activity going around us such as UNE Remand. We also have the high demand for the DSL service which I think could also be, you know, utilized to deliver over this architecture, et-cetera. So, we've had a lot of requests from a lot of our customers, and we've had a lot of interest in this topic and discussion, so we thought instead of having several one-on-one conversations, we'd have one big forum to discuss the entire, you know, plan and product description. And we have a fairly detailed outline hopefully in front of you that you guys can review as Chris Boyer, who will be presenting the information for you today, will

discuss.

My name is Rod Cruz and I do work for SBC and I have wholesale marketing or product management responsibilities. I do work on DSL product and also this, what we're calling this broadband UNE or UNE on steroids as I like to reference it, and so that gives you a perspective on my background.

Just some logistics for now. We plan on taking breaks about every hour because this information's going to be lengthy and detailed, and so we're going to take a break about every hour on the hour. If you guys aren't familiar with the facilities, I believe the ladies' rest room is to my right and the men's rest room is down the hall. There's also a couple of telephone banks also to the right and the left if you guys need to make your calls and don't have a wireless with you.

In addition, we have a couple of other activities going on. We have a court reporter that's here that's going to create a record and a transcript for distribution of this meeting for anyone that hasn't or is not present and would like to review it at a later time. So, as you -- I think the format will be that we're going to discuss this over the next few hours and if we could just maybe

ask you to hold your questions, maybe jot them down so we don't forget them, and either -- hopefully Chris will cover them in the presentation, or at the end of the presentation we have some time allotted to go over some Q and A's with you guys that hopefully will address any outstanding questions you may have.

So, when we do that, please be conscious that we do have a court reporter here. We'd like for you to, you know, be very clear with your name and also the company you're representing so that we can also capture that for posterity. In addition to that, if you guys haven't been able to notice, we do have a video camera going as well, and so that will be another media distribution that we can use to share the outcome of the meeting as well.

So, without further ado, I'd like to turn it over to Chris Boyer who will cover the material with everyone in the room. Thank you.

MR. BOYER: Hello. I'm going to start off with by reading some information related to the video cameras here in case if anyone is curious as to why we are videotaping this conference. Basically we got a request late yesterday by one party that wanted to record this.

While we don't have any problem allowing people to keep a record of what is said during the meetings whether it be video or transcript, we think all parties should have an opportunity to do that.

In order to ensure that everybody has a fair opportunity to do such, there needs to be arrangements made in advance of the meeting for that. It is not reasonable to call the day before and expect it to be able -- that request to be able to be accommodated. However, we are in an attempt to be as candid as possible trying to share our best information about where we are heading.

We recognize that this is something we are all learning about both technologically as well as from the regulatory perspective. This is subject to change so that the positions we are taking are subject to whatever further refinements we would think be appropriate based upon the learnings from actual experience and deploying this because it is something that has never been done before and we do expect that we will learn over time about issues and problems that need to be resolved and addressed. Moreover, all of this is subject to regulatory proceedings in a number of forums and our positions, as I'm sure our opponents', may change as we get

instructions from the regulator.

So, that's the -- I wanted to read that to initiate the meeting. We have had request for the video, so that's the reason why the video camera is here. And as Rod had addressed before, copies of the videotape and also the transcript will be made available upon request, so --

To move forward, what I'm going to do is I'm going to present the unbundling plan for PROJECT PRONTO, and I have a slide show that I'm going to present here. Basically an outline of what I'm going to talk about today is going to consist of and if we're going to introduce PROJECT PRONTO for those of you here who are not familiar with what that means. Following that I'm going to do at a very high level an overview of the infrastructure that we plan on deploying in conjunction with PRONTO, and I'm going to talk about what we commonly refer to as DLE, which stands for digital loop electronics, and I'm going to talk about the non-DLE or the traditional DSL infrastructure at a very high level. This is not meant to be an extremely technical discussion, but we're going to do a brief overview of the infrastructure.

Following that discussion, I plan on

presenting a few comments in regards to the SBC request for interpretation of merger conditions which I think several of you are probably aware of that issue, and then I will get into the actual unbundling plan, presenting the product that I am developing. I am responsible for the development of the PRONTO unbundled elements, so I will get into some details about the product itself. Following that, I will present what we -- we are considering for our high level service order flow that we are developing in conjunction with these UNEs and get into a little bit more detail about the product and how we're going to order and bill for it.

So, I will -- I would like to comment that most of this material is being developed by my product team as we speak. We still have several issues that we need to resolve, so any of this is subject to change in the near future. So, without further ado, I'm going to move forward.

The first thing I want to talk about is the request for interpretation of merger conditions as part of the introduction. And for those of you who do not know, FCC has requested or SBC has requested that the FCC give us an interpretation of the merger conditions to allow SBC to own some or

SBC TELCOs to own some advanced services equipment that in the merger conditions was specified as belonging to our new subsidiary, ASI.

The reasoning behind that issue is that there are several elements that are part of the DLE infrastructure that are necessary for us to own if we want to provide what we consider to be an effective service to the CLEC community. So, as I go through this -- as I go through this presentation, I'm going to talk periodically about the reasoning as to why we are requesting this interpretation.

So, really the meeting has a dual purpose as it shows on this slide. We want to talk about that particular issue, and we also would like to address the actual product itself for those of you who are interested in purchasing the unbundled elements represented under PRONTO. The last bullet on this slide mentions assumptions. Our general assumption in this product design is that the telephone company will own the elements that we were requesting the interpretation for, so it is subject to change.

Quick definition of PROJECT PRONTO. Basically what PRONTO's designed to do is to

increase the reach of DSL services to end users. As Rod had mentioned, we are deploying integrated digital loop carrier systems or digital loop carrier systems in new and existing remote terminals. The reasoning for that is to shorten the loop length to limit the impacts of loop conditioning and increase the availability of DSL service. The unbundling plan, the PRONTO unbundling plan is basically a work effort that I'm heading up within wholesale marketing along with Rod, and basically we are just developing a plan to unbundle these particular elements to make them available to the CLEC community.

And a quick definition of DLE as I mentioned, DLE refers to digital loop electronics. That refers to a digital loop carrier system that is deployed in the field that consists of fiber to remote terminal. So, when I reference the DLE environment, that is specifically what I'm referring to.

Well, the first thing I want to do when I talk about infrastructure is I want to kind of build this up a little bit from the basic -- a basic non-DLE or traditional DSL environment to what we would consider to be our DLE environment. So, the

non-DLE infrastructure is typically defined by a central office-based DSLAM, by UNE xDSL capable loops, just a traditional DSL service offering, and this diagram is intended to represent how I would envision a traditional service offering where you have an end user, you have a physical copper loop going back to a main distribution frame in a central office that is cross-connected to some DSL equipment that's collocated in the central office, okay.

There are some limitations on the non-DLE infrastructure. For those of you familiar with DSL, the availability of DSL service is limited by loop length and conditioning. There are several solutions to this problem, and I've listed some of them there. One would be to shorten the loop length by placing a DSLAM in the remote terminal. Another method, this method would require collocation of DSL equipment in new and existing CEVs and huts if space and environmental capacity's available. This would also require the purchasing of dark fiber from the serving wire centers to remote terminals where it's available. And it's also going to require the collocation of DSL equipment in the serving wire center.

So, those are all issues that would have

to be resolved in order to shorten loop length under the existing infrastructure that we have deployed today in quite a few locations. The alternative solution to this is digital loop electronics or DLE.

If I'm going too fast, please tell me to slow down and I'll slow down.

The elements that are necessary to provision DSL in the DLE environment are going to consist of remote terminal equipped with digital loop carrier systems, remote terminal combo cards or what we're calling ADLU cards which is an Alcatel card that provides a function very similar to a DSLAM. Also provides a splitter function splitting the voice signal from the data, remote terminal derived UNE sub-loops, digital loop carrier central office terminal equipment, a dedicated OC-3c transport facility for voice and another for data from the remote terminal to the central office, and an opt -- and what we are calling an optical concentrator devise for inbound data traffic in a central office and then access to ATM capacity by interoffice facilities. Those are the various elements that would make up DLE.

This diagram here is a high level diagram

with the DLE infrastructure. What I'm going to do is I'm going to talk from the box that's labeled CPE all the way over to the left.

From the customer premise, which I would assume would be the box labeled CPE, you will have a copper facility. The copper facility will go from the customer premise to an SAI box, which is just a cross-connect box out in the field. In the SAI box a physical cross-connect will be made from -- well, you could consider distribution copper to the end user's location to a feeder copper facility, and that will be a 25 or pair 50 -- 25 or 50 pair feeder facility that would go out to the SAI.

Once that cross-connect is made, that customer's line will be integrated into an ADLU card presence in the remote terminal. The ADLU card itself is an ADSL line unit card that we place in a digital loop carrier channel bank that's placed in the RT. And at this present time we have chosen two vendors for the digital loop carrier equipment. We are deploying the Litespan 2000, 2012, and we are also deploying a UMC 1000 DLC system. So, at the SAI box by making that cross-connect, that end user's loop is picking up the DSL capability and it's being run into one of these -- the ADLU card is

the card that's used in conjunction with the Litespan, so it's run into this ADLU card, okay. The ADLU card itself serves as a splitter device splitting the voice signal from the data.

So, what this diagram shows is, is the actual function -- is the actual splitting function occurring at that card. And what it will do is we're going to have a fiber that goes out from the central office to the RT. We're going to have dedicated fiber strands, an OC-3c dedicated fiber strand for data and another one for voice. So, once the signal hits the ADLU card and we split the voice and data signal, it is piped over these -- over their respective facility for voice and data. So, you have a dedicated facility for data which means that at that point in time they both are writing different infrastructures within our network.

The actual signal from the remote terminal is the line that's labeled OC-3c for data terminates in a device that's called an optical concentration device. What the optical concentration device does, it has the technical capability to take multiple incoming OC-3's from multiple remote terminals and actually read the incoming packets so that we can take what would be lightly loaded OC-3's from RTs

and concentrate them into a very densely-packeted OC-3 on the outbound side.

So, we expect the traffic from each remote terminal going back to the central office to be relatively light at the initial go of this product due to the fact that obviously our DSL penetration rate is not as high as we expect it to be in the future, and also because of the fact that the OC-3 pipe is such a wide or fat pipe that we're going to not -- that it will transport more traffic than we envision at this current time. So, you will have multiple signals from multiple end users over that OC-3c facility going into the OCD.

Now, we're looking at the plane multiple RTs per OCDs, so we might have anywhere from just off the top of my head maybe 15 to 20 remote terminals off of this one OCD. So, we could have 15 to 20 incoming OC-3c's for data that are going into that device. So, the idea behind the OCD is to take the packets from all those individual lightly-loaded OC-3's and use the OCD to read the packets, repacketize them and route them to a port on the outbound side.

So, what we're going to -- what we're going to do is, is we're going to have several ports

that are handling inbound traffic from the RTs into the OCD, and we're going to set up what we're calling a virtual cross-connect. The virtual cross-connect will be in the OCD, and what it will do is it will allow a CLEC to come in and purchase a port on the outbound side of the OCD to take their individual traffic.

So, the way this would work is, is that if you had a DSL customer that purchased a DSL capable loop out of this infrastructure, their signal will be routed from the ADLU card where the voice and data is split. The data signal will ride this common fiber, this OC-3c transport facility into the OCD, and the OCD will be basically translated to have the intelligence to actually read your incoming DSL traffic to determine what the routing slip is going to be on the individual packets belonging to whatever CLEC has purchased this loop and then route it to a port on the outbound side. And we're going to allow the CLECs to come in and purchase ports on the outbound side.

So, once it reaches the OCD, the signal leaves the OCD on the outbound side and is routed to an ATM cloud of some sort, wherever it might be located at. In this diagram it shows a CLEC

collocation point or possibly a CLEC ATM switch or ATM cloud in an adjacent central office.

Now I'm going to quickly run through some slides with you that I just talked about that define these various elements in paper so you have a copy of this when you leave the room. The optical concentration device, again, is a generic term for a device that takes a group of incoming OC-3's from multiple remote terminals or DSLAMS and then concentrates the signal into one or more outgoing OC-3's. The OCD cross-connect will take incoming ATM packets for multiple 0C-3's and multiple remote terminals, depacketize the incoming 0C-3, read the routing information on the individual groups of packets and then concentrate or repacketize these into outgoing OC-3's designated to a particular ATM switch.

The ADLU common card is the card that splits the voice from the data and provides the functionality similar to a DSLAM. The OC-3c data transport is a physical fiber strand from the remote terminal to the serving wire center. This facility will transmit a dedicated facility OC-3c for data from the digital loop carrier equipment to the OCD. And again, it's designed to take multiple packetized

data signals and transport those back to the central office.

The permanent virtual circuit. The permanent virtual circuit's going to be necessary to be provisioned both in the field in the digital loop carrier equipment and also in the central office. And by that I mean that in order for an incoming copper DSL loop to have access to the 0C-3 facility that goes from the RT to the CO, we're going to have to provision a virtual cross-connect in the DLC equipment. We're going to also have to provision one in the central office in the OCD. So, there's going to be -- really technically there will be two virtual cross-connects, one in the RT and one in the central office.

At this point in time the virtual cross-connects, which are commonly referred to as permanent virtual circuits that we are offering are unspecified bit rate UBR permanent virtual circuits at this point. We are not offering constant bit rate PVCs at this point in time although we do -- we have had some consideration of offering this in the future. At this point in time we are only offering unspecified bit rate PVCs.

MS. SMITH: I'm sorry. What did you

say you were not offering at this time?

MR. BOYER: We're not offering a constant bit rate PVC. I'm sorry. I made that unclear.

The OCD port termination, it's going to be a physical termination on the OCD which at this point in time is going to be a CBX-500 ATM switch. That is the device we've procured for this particular function. And that physical port termination will either be at a DS3 or an 0C-3 level. So, if a CLEC purchases a port on the OCD, they will get either -- they will purchase at the DS3 or the OC-3 speed, and that is a technical limitation due to the switch at this point.

The OCD cross-connect, this cross-connect will be something that will be necessary to extend the port to the CLEC point of collocation. We'll extend it to your collocation point or we're going to extend the port to a DSX location in the central office to pick up whatever form of transport that the CLEC would wish to purchase.

That pretty much covers the infrastructure piece. Hopefully that was understandable to most of the folks here. The next thing I want to talk about very briefly is the SBC request for interpretation

of merger conditions.

Now that I've talked about the infrastructure, in regards to the SBC request for interpretation, the two biggest issues that we are looking at is that we have requested interpretation to allow the SBC TELCOs to own the OCD and the ADLU line card. The OCD itself is -- we have procured a device, again, the Lucent CBX-500 switch which is an ATM switch. The ADLU line card is also considered advanced services equipment because it provides the splitter functionality, splitting the voice signal from the data. So, under the existing merger conditions, SBC would not be allowed to own those cards which would force us to allow the CLECs yourselves to actually own those cards and somehow integrate them into our network.

So, internally within SBC we have been having several discussions amongst various individuals to try to come up with a scheme that would allow us or would allow a CLEC to own those devices and physically place them and physically interact with our network that we're deploying. So, we've considered basically three different proposals within our company in relation to this issue.

And I would just like to add a real quick

disclaimer on this. We -- by no means is this intended to represent all of the different options that are out there today. You know, and I have listed on the few other slides some -- what we consider to be the pros and cons from both the CLEC perspective and from the SBC TELCO perspective in these different proposals but, again, it's not intended to be an all inclusive list. I'm sure there -- our customers and other individuals may have some additional points that they would like to make on this particular proposal.

Basically the three proposals that we've considered are, the first proposal being that the CLEC owns the ADLU card and ships the card to the TELCO for placement in the remote terminal, okay. The logic behind that being that the CLEC would have to own the card to provide the DSL service because that's what does the splitter functionality in this infrastructure. The other logic being that the TELCO still has the responsibility for the voice service that we're going to offer over this line in a line-shared environment, so we would have to place the cards in our RTs.

The second proposal that we considered was the CLEC owning what we would call an equivalent

plug or a port level. And what this proposal really was, what we call plug sharing or pooling. And under this scenario, our proposal was that the CLECs would purchase the cards, ship the cards to the telephone company and we would put them into a pool and we would allocate a -- allocate the ports amongst all the CLEC community. Under the first proposal, which I didn't point out before, was that under this proposal the CLEC would have to ship us the card, the TELCO would have to place the card, and in order for this to work, the CLEC would have to identify the remote terminal they want the card placed in, they would have to identify the actual end user customer loops they want tied into that particular card. So, there were a lot of logistical problems that were very difficult for us to iron out with the CLEC actually owning the card.

So, we went to a second proposal which was this pooling arrangement. And the reason we wanted to do the pooling arrangement was because, again, those two issues I just pointed out in the first proposal, but also the fact that with -- with us using SAI boxes out in the field, 25 to 50 pair of cables, each one of these cards can support two to four end users. So, what happens is, is that if you

fill up an entire channel bank with these cards, you exhaust capacity for that particular SAI box. So, by the CLECs owning the card, we can only put a certain number of cards out there in the RT, so if you -- if you own every single card, you may only have one end user that's served out of that remote terminal but you have to buy a card that can support either two to four end users. So, it becomes very impractical for someone to have to purchase an entire -- for someone to actually have to purchase an entire card and then logistically for us to place it out there and coordinate it with all of our SAI boxes and end user loops.

So, the second proposal we considered was Proposal No. 2 on here which talks about plug sharing or pooling. Under this proposal we had suggested that the CLECs actually own the card, ship the card to the telephone company and that we would place them -- we're going to fill up the RTs with these cards out of a common pool and that would allow us to allocate to the CLECs as many ports as they provide to us on a card. So, for instance, if you provided us what we call a dual port card that serves two end users and you shipped us 50 cards, we might be able to allocate you a hundred ports in all

of our various remote terminals under this particular proposal and that would alleviate the problem of having to tie in one particular card with each CLEC copper loop. In other words, you would have access to multiple remote terminals for each one of your ports, not at the card level. So, this is what we were calling an equivalent plug.

The third proposal that we've considered is the final one and the one that we're recommending for this particular scenario, and that is that the telephone company own the ADLU card and actually provide the functionality of that card to the CLECs as part of the UNE product that I'm developing. Of course, that would require us to get a interpretation from the FCC to allow the telephone company to own this card.

This slide here very quickly was put together to kind of list what we consider to be the pros and cons of the first proposal meaning the CLEC owning the card and the TELCO actually placing it. On a positive side, we considered the fact that the CLEC would actually control capacity and utilization for the cards. Being that you would own the cards, you would have the ability to control capacity and utilization. CLECs would have the capability to

develop new features for their cards. And of course you would have nondiscriminatory access via unbundled network elements to your -- to those cards that were placed in the RTs.

From the negative side, again I talked about the fact that there would be stranded capacity, four ports per card in the future as they are developed, and you may on the outset be only using one port. A second negative would be the fact that this would limit ADSL availabilities in remote terminal due to capacity issues. I think the best way to explain that is the fact that if we put a channel bank out there that serves, maybe we can put 28 cards in that channel bank, if a particular CLEC -- if CLEC A comes to us and puts a card in there, they've just taken up 1/28th of the capacity in that remote terminal, in that channel bank.

If CLEC B comes to us and puts a card in there, they're taking up another 1/28th of that capacity. It's not a very efficient way to allocate capacity on these digital loop carrier systems because if CLEC A comes to us and is serving one end user, they've still taken up 1/28th of the capacity in that channel bank. Whereas if we go to the port level, you would be only taking up one port. With

there being four ports per card or two ports per card, that might be 1/56th or 1/112th of the capacity. So, from our perspective it's not a very efficient way to actually allocate capacity in the remote terminals to actually have the CLECs own the cards and tie them in.

The third negative that we looked at was the fact that the CLEC would obviously be required to invest in the ADLU cards. You'd have to purchase the cards and somehow ship them to us. The fourth one was some tax implications in maintaining inventory of cards to ensure availability. An additional negative that we saw was that this would require vendor contracts. And of course the last one and probably the most obvious issue would be the fact that CLEC ownership would lead to a very complex and expensive provisioning process for both the telephone company and for our customers that would clearly lead to a higher cost.

The second proposal that we are considering was the ADSU -- ADSL pooling arrangement or plug sharing. Again, some of the positives of this particular proposal are that it would allow nondiscriminatory access via UNE. The CLECs would be built for ports on the cards as opposed to the

actual cards themselves. It would mitigate some of the stranded capacity impacts. It would allow CLECs to forecast their own demand, and we'd place the cards for you. It would still allow the ability for CLECs to develop new features on the cards, and it would maximize space by allocating ports as compared to slots.

Some of the negatives for this particular proposal, again, they're very similar to the first proposal I just discussed, that being the fact that there will be a cost for creating an administrative process for managing the pool. They'll still be billing for every port that's used. There are still some tax and investment implications that will be translated into cost. There are issues in regards to the CLEC actually shipping the cards to us, the telephone company confirming receipt of the cards and somehow keeping track and inventorying the ports and the cards.

And again, we have all the other issues related to the provisioning process itself that will lead to higher costs, longer intervals for installation of service. So, there's quite a few issues resolved to the first two proposals. So, this leads me to the third proposal that was put

together, and that is the fact of the TELCO actually owning the ADLU card. And again, this is the -- this would require us to get an interpretation from the FCC to allow us to own the card.

This simplifies the process quite a bit for our purposes and also for yourselves in our opinion. Again, it provides nondiscriminatory access via unbundled elements. The card itself will be included in the UNEs that I'm going to present later on in this presentation. It would still allow CLECs to forecast demand. It mitigates all of our capacity concerns. We would still allow the CLECs to develop new features and cards, and we would actually put any type of new card as it becomes available in the remote terminal on a request. Wouldn't necessarily require a vendor contract. Would mitigate concerns over investment expense. It would allow the telephone company and also for the CLECs to have a business-as-usual approach to developing the process. We wouldn't have to necessarily develop brand-new provisioning processes to put the cards out there.

The next slide just talks about some of the capabilities that the CLECs will have under the third proposal. The first one is the fact that the

SBC TELCOs will unbundle access the network elements as defined by the DLE infrastructure which we will do regardless of this situation, but this will relieve space limitation problems of having to collocate in remote terminals. CLECs will continue to have the option of collocation as a means of access to the unbundled elements or utilize some form of facility to gain access to the elements associated with DLE.

The third option is the fact that the CLECs will continue to have the option to collate DSL equipment in new and existing cabinets, CVs and huts, that is if space capacity is available. CLECs will continue to have the option to develop new plug-ins with vendors if technically compatible to the SBC equipment over the infrastructure. And it would allow everyone to avoid administrative costs associated with plug or port ownership.

So, that pretty much outlines the infrastructure itself and the actual issues associated with the reasons why SBC has requested interpretation of the merger conditions by the FCC.

I think I'm going to take about ten, about five minutes if that's okay at this point and then we'll reconvene about -- we'll reconvene in five or

ten minutes. Thank you.

(A recess was taken.)

MR. BOYER: What I want to do at this point in time is now that I have discussed the infrastructure very quickly, I do know that everybody probably has quite a few questions related to that, all those topics that we just talked about, the merger condition issues and also the infrastructure deployment. I would like to just -- I've had several questions during the break, just reiterate the fact that as soon as I'm done presenting the presentation, we're going to open this up to a question and answer session and we will address any questions you have at this time. I would just like to make sure that all of the questions are addressed for everybody in the audience because we'll probably have several questions from -- quite a few of the same questions from different individuals.

So, at this point I'm going to talk about the actually unbundling plan. And for those of you on the call I'm on Slide No. 20. And this is just our plan for how we're going to unbundle -- the actual product itself. That is what we're going to be offering to the CLEC community as access to the

infrastructure. And I would like to point out that the first assumption I'm going to make here is that the product outline in this presentation makes the assumption that the TELCO's going to own the ADLU card. So, based upon that assumption, this is the product that we are developing.

The first thing is, is that we're going to offer a product from two different scenarios, first one being that we will offer a set of UNEs to a line-shared application from the RT to the end user. The second one will be a data only nonline-shared facility. What I'm getting at there is, is for the copper portion of the infrastructure, the actual physical copper loop from the remote terminal to the customer location, we will allow either line sharing over the copper facility to share the voice or we will allow a data-only application, a direct dedicated data loop for DSL purposes.

In regards to the DSL products that we're going to support, there are currently defined in the DSL appendices, we will support PSD Mask No. 1 through 7 wherein it's technically feasible over the actual data-only loop. We will support ADSL and the line-shared application at this point in time. And

as we know, that is contingent to change in the future.

MS. SMITH: I'm sorry. Could you restate that again?

MR. BOYER: For line sharing we will support PSD Mask No. 5 ADSL. For the dedicated data loop, you will have the ability to offer any of the currently-offered services that are outlined in the DSL appendix today assuming that that service is feasible with the actual card that's deployed in the digital loop carrier. At this point in time the ADLU cards for the Litespan, they have an ADSL card that's been developed. The vendor's working on additional cards for other technologies. We will support any PSD mask as the card becomes available, as the physical -- as the vendor provides that service.

What I'm going to put up here is Slide 21. This is a diagram that shows the unbundled elements all interrelated to one another. It's a fairly technical diagram, and I'm going to talk through it. And again, if you have any questions after I briefly discuss this, I would reserve those until the question and answer session. I will put the pictures back up on the

board at that time.

In this diagram starting from the -- from your right where it's a box labeled end user, again we have the actual copper loop that goes from the end user to the SAC or the SAI. That loop is cross-connected there to a physical copper feeder facility that is integrated to the Litespan 2000 equipment in the remote terminal. The large dot that you see that's labeled DLC port termination, that is physically a termination or a port on one of the cards, one of the ADLU cards in the Litespan. The actual signal, the actual voice and data signal over that copper facility terminates in that ADLU port which then splits the voice and data signals. And once again, I'm talking about the data signal is routed over the OC-3c dedicated for data back into the central office, and the voice signal is also transmitted over a dedicated facility for voice into the central office.

Once we reach the central office which is -- if you look at the box that's labeled FDF, the fiber distribution frame, the data signal is going to be integrated into this OCD device which we talked about previously.

In the OCD the actual signal will be

cross-connected to a CLEC port. Again, that's on the outbound side which is labeled the OCD port termination. So, at this point we basically have three different unbundled elements in the way we're developing this product. You have the actual what we are calling UNE No. 1 which if you look at your far right it's labeled DLE-ADSL UNE Sub-Loop. That is just the physical copper facility from the RT to the end user. That's the first UNE.

The second UNE that we're developing, we're referring to it as a DLE-ADSL UNE Feeder Loop. That is what we're calling a feeder facility that will go from the FDF or from the OCD basically all the way out to the point where you pick up the sub-loop. And again, you pick up the sub-loop physically in the SAC. So, the feeder will consist of the actual use of the 0C-3 dedicated facility for data, it will consist of a port in the Litespan equipment or whatever DLC equipment is deployed in the field, and it will consist of the actual feeder piece that goes out to the SAI. So, that's the second unbundled element, what we're calling the DLE-ADSL Feeder Loop.

The third element that we're developing is the OCD port. Again, that's just the physical port

on the OCD in the central office. And again, that port can be extended to either a DSX location or to collocation for you to pick up the actual signal and route it to your -- to an ATM network or cloud.

And again, I'll reserve questions on this diagram or any other diagrams until after this presentation.

This slide just gives a numerical listing of what we're going to offer. In the line-sharing environment, we're referring to the actual copper portion of the loop as the HFPSL. I know that a lot of you are working on the line-sharing offering which is referred to as the HFPL or the high frequently portion of the loop. In this situation we're just substituting an S to represent the high frequency portion of the sub-loop. We will offer that.

We will offer in addition to that the feeder, the DLE feeder back to the CO, and then we will have the port termination at the OC-3 or DS3 level. There'll be three cross-connects associated with this depending upon the configuration that's deployed. You will have the DLE-ADSL cross-connect which is just physically the cross-connect that's going to be made in the SAI. That's the copper

cross-connect. You will have depending upon the configuration that's deployed either the OCD cross-connect to collocation or the OCD cross-connect to the DSX location.

And those would all be available under line sharing. In the data-only environment it's going to be basically the exact same offerings except for you're going to substitute obviously a data-only DSL sub-loop in place of a line share loop. That would be the only difference.

On the next slide I tried to illustrate some of the different scenarios that you might see. This is the diagram that has been discussed quite a bit. Really what this is intended to show is the fact that depending upon the configuration that's out there the CLEC would be able to deploy its own equipment, possibly even deploy its own remote terminal or adjacent remote terminal location and integrate it into our SAI boxes out to the end user.

So, this is just intended to kind of illustrate some of the different scenarios that we've seen that we've considered in developing this product. I'm not going to go through this diagram in detail because it gets pretty technical in

talking about the different scenarios but, again, I'll reserve any questions until after this meeting.

Now I'm going to talk a little bit about the service order flow and the business requirements for these products. What we've done is we've tried to separate these products into two different phases or two different types of offerings. The first thing that we are introducing is what we're calling infrastructure elements. Those elements would consist of the port, the unbundled transport or whatever transport device you purchase to get to that port and the associated cross-connects. The reason we're calling it infrastructure is that for each one of those ports on the OCD you could conceivably have hundreds to thousands of end user DSL loops run through that one port.

So, when you go into a central office to provide a DSL application under this infrastructure, you would purchase a port based upon the expected demand that you're going to have out of that particular office. So, what we would do is, if you wanted to -- if you bought a DS3 port, we would allocate 1,000 is the maximum number of end user loops we can put through a DS3 port on the OCD. So,

we're calling it infrastructure because it's not a one-to-one ratio between the port itself and the end user. Again, with the DS3 port you could put up to a thousand end users through that one port on the OCD. If you buy an 0C-3 port, the technical capability's up to 6000 end users through that one port, so there's quite a bit of capacity through those ports. So, this really is an infrastructure element.

In addition to that, the transport itself is going to have to obviously extend that port to wherever your ATM cloud is located at, so there's -- those elements really need to be built out prior to actually providing service to end users. So, we've looked at that from the perspective as being infrastructure which is why it's called -- Step 1 would be called an infrastructure build. Now, those physical elements are going to be necessary as I indicated to be provisioned prior to -- prior to a CLEC placing orders for end user loops.

In regard to an order flow for these elements, we're going to put them on one service order, an ASR, access service request. On that ASR you will be able to order an OCD port and whatever cross-connect that is necessary to extend that

port. That will either be a cross-connect to the DSX location or a physical cross-connect to collocation, and that will be put together on one access service request. From your collocation cage if you want to extend or if you want to transport the signal to an adjacent location, you can purchase the existing unbundled dedicated transport product, you could purchase an access product, whatever type of facility you want to purchase to transport that facility from the collocates to your ATM cloud. The same would apply for the DSX location.

In addition to the actual ASR that will have to be submitted, CLECs will be required to submit what we're referring to as a customer information form. That form is information that we're going to need on a port level to actually build translations into our equipment in the central office. And I don't have any specifics on the form itself. It's very brief, but I don't have a copy -- I do not have a copy of the form at this time. It's still under development.

On the next slide I talk a little bit about the end user specific order. This is based upon the assumption that the CLEC has already built out its infrastructure elements that I just

outlined. Once the infrastructure's in place, we work off the assumption that end user orders will be placed. Again, the end user order consists of two elements. It's going to consist of the DLE feeder piece and the sub-loop piece. The end user order is going to be ordered via a local service request on an LSR. So, there will be one LSR for an end user's sub-loop and feeder, and that should be on a one-to-one ratio per customer.

In addition to the LSR, this gets a little bit complex, but the way this is going to work is, is that you have to provision quite a few parameters in the Litespan equipment if we're using Litespan 2000. There's quite a few different elements that need to be translated and provisioned inside that device. So, what's going to happen is, is that you need to put -- you need to update the Litespan with such information as upstream speed that you want to offer, downstream speed, aggregate power. There's quite a few things that need to be built into the Litespan.

So what -- the direction that we're going in is that we are going to allow CLECs to actually build a profile of services that they want to offer that are technically compatible with the Litespan,

and the way this is going to happen is, is we're developing a new system that we're referring to as SOLID. And this system is going to -- we're going to develop an interface for the CLECs to actually go into SOLID and build a profile, a profile outlining the various services that they want to offer that are compatible with Litespan. So, what will happen is, is that on the LSR we are going to put a code set on the LSR and when the LSR is initiated by the CLEC, our proposal is for that to flow through. And our system, the SOLID system that we're developing, will recognize that number. It will be a numeric number and it will build that particular profile. So, we will allow CLECs to build multiple profiles over this infrastructure.

So, if you wanted to offer for instance an ADSL service, you could build a profile that matched ADSL. If you wanted to build a service that supported SDSL as it becomes technically available within the Litespan, you could build a profile that supports SDSL. It's a pretty flexible tool that we're trying to develop and, again, this system is not available today. It's something that we're working very quickly trying to put together. And as it becomes available and as interest piques in this

product, we'll get into -- I'll be willing to get into more detail with folks as they want to come on line with us.

In regards to loop qualification, loop qualification is actually going to be used at the triggering event for this service. The way we envision this happening is that as you decide that you want to offer a DSL service to an end user, you will do a preorder loop qual. When the preorder loop qual is done, it will return back to the initiator the indication that the loop is too long for you to provide DSL service. But in that loop qual process, you will be alerted to the fact that there is an RT available out in the field that you can use to provide DSL.

So, that is really what we consider to be the triggering event to ordering end user loop is the loop qualification.

The next slide, Slide No. 27, it's very hard to see on the screen, but it should be on paper, just outlines what I just talked about in terms of a process. This is a very high level process that we're trying to put together for the ordering of this service.

The only thing I'd really like to point to

your attention on this is the actual -- in the middle of the page, there's a list that talks about the SOLID system and the profiles that are being put together. The technical limitation is that there's really an infinite number of profiles that could be built depending upon the actual values that you want to program within the Litespan.

But the next section underneath that lists the actual fields that need to be programmed in the Litespan and what it talks about is the downstream minimum rate, upstream maximum rate. There's quite a few different elements that need to be programmed to build a profile. And there's really about -- there's so many different integer values for each one of those inputs. Like, for instance, when I speak about downstream maximum rate, it basically could go from 640 kilobits to 8,192 kilobits in increments of 32.

So, in order for us to develop a product that is adaptable and flexible enough for all the different individuals that want to use this service, the only thing we could do is let people actually go in and build their own service profiles because you could think of the number of values that you could possibly have between 640 and 8,000 in increments of

32. It's virtually impossible for us to sit there and predict the different combinations of all these values that people would want to offer in the long term. So, the idea behind this system was to make it a flexible product offering for the long term and not necessarily just for the short -- short term.

Slide 28 talks about the rate structure. We do not have rates as of this time, but this is the way we are approaching the actual elements that will be developed. This matches the Southwestern Bell rate structure; it does not match the OANAD rate structure. I'm not going to get into detail on this, but this is the rate structure that we're proposing right now. I will take questions on that later if there's any questions.

And the last slide talks about the business requirements and product availability date. We are working on business requirements this week. We expect those to be available by the end of this week or the beginning of next. The product availability date is expected to be available in late April or early May. That's when we expect all the actual product development work to be completed.

Contract language, there was some draft

contract language that was provided to the FCC in conjunction with a request for interpretation of merger conditions. I would like to comment that anything that's in that contract language was draft as of that time which was about three weeks ago. The product itself has fundamentally changed since then, so if there's any questions related to that contract language, I would like to address them this afternoon if you do have any questions on that issue.

In regards to network disclosures, there are some network disclosures related to PRONTO that are available at the web site that's indicated here. And that is actually -- James, is that a list of the available -- where it's being deployed?

MR. KEOWN: Some of the RTs. The first batch of RTs, RTs are being deployed.

MR. BOYER: There's a list of the actual remote terminals where we're actually deploying PRONTO, preliminary list available at that web site. So, that pretty much wraps up what I was going to present. Rod wants to make a few comments real quick, and then we'll probably open this up for a Q and A session.

MR. CRUZ: I think at this time I

would like to just go ahead and open up the floor for questions, and we could -- if you just would be kind enough to once again state your name and the company you're with and then if you want to reference a certain architecture diagram that Chris has presented, we could also do that. In addition, I'd like to introduce a couple of other SBC individuals that are here to assist us in answering the questions.

Chris Boyer, as I stated earlier in the introduction, is the product manager for the broadband UNE, so he can really address and speak to specific product policies and positions, et-cetera, and he could really talk some detail. But in addition to that we have James Keown in the front row and Marsha Fischer also with SBC from the network organization that can address some specific network issues. And then also from the network regulatory organization is Allan Samson that can also help address any of your questions or concerns.

I guess really I want to make just one brief comment. I think the quandary that we have in front of us with the FCC is, is really you've got this UNE that the TELCO owns and in the middle of it

there's things that we can't own. So, it just makes it very cumbersome and problematic when you look at a provisioning flow, when you look at systems work and how you actually flow orders through to order this product. You know, if it was all owned by the TELCO, it just makes it easier to do some things and give us some flexibility and latitude. I think it benefits both parties. And obviously I think when you look at a high level, that's really the issue is you've got this UNE on the end, from the middle there's a couple of things that don't fit.

So, you know, Chris obviously can get into a lot more level detailed discussion if that's something that's on your mind you want to flush out and expand on. That's really the essence of the issue, and I think that's where we're at as far as we have done countless hours of meetings and thoughts and think tanks on how to break that code to make it -- make this thing flow, and we really just haven't reached a conclusion.

So, what I'd propose is I'd like to open the floor for questions, as I stated earlier, and then I think as we move forward over the next couple of weeks, I'm just really looking forward to getting into negotiations with you guys and either hearing

your opinions or suggestions on how we do that together because we haven't been able to find a solution to that -- to that -- resolve that issue. So, at this time I guess I would just like to go ahead and open up the floor. If you could just maybe state your name again and the company, we'll start fielding your questions.

MS. THOMAS: Actually I have many more now. I am Sharon Thomas with Advanced Telecom Group.

MR. CRUZ: I'm sorry. Could you speak up a little?

MS. THOMAS: Sharon Thomas with Advanced Telecom Group. The first question I have that you asked me to reask so everyone could hear, you had mentioned there were two types of technology or equipment that would go in the remote terminals, and the first one I think you said was the ADLU, the Litespan 2000, 2012 card, and I didn't catch the other one and maybe you can explain what that is.

MR. CRUZ: Chris.

MR. BOYER: I'll take that. For the folks on the conference call, the question was asked in regards to I had mentioned earlier that there were two types of technologies that we were

deploying in conjunction with this infrastructure. Those two types of technology are the Litespan 2000 which is an Alcatel product or the UMC 1000 which is a product that's being developed I believe by AFC, AFC.

MR. KEOWN: Yes.

MR. BOYER: We have not -- the AFC product, the UMC 1000, is really being deployed in some of the actual more -- I believe it's in the more rural areas; isn't that correct?

MR. KEOWN: Smaller locations.

MR. BOYER: Smaller locations. We have not completely considered that product yet, but the assumption of this presentation is based mostly upon the Litespan device.

MR. CRUZ: Could you flush out the difference between the Litespan 2000 and 2012 just for the folks that may not -- I just think -- I think it's a -- go ahead, James, if you want to take that.

MR. BOYER: Let James take that. The 2012 is different.

MR. KEOWN: The basic difference between the Litespan 2000 and 2012 is the Litespan 2000 has one 0C-3 that can transmit the voice signal

back and one 0C-3c pipe back for the data. The Litespan 2012, the major difference is the sound of the pipe. It's an OC-12 pipe that can haul voice and data back. That's basically the difference. And the benefits of the bandwidth is to drop all -- if you had DS3s you want to drop off somewhere, we can do that.

MR. CRUZ: And, James, is it true that the 2012 card is a quad card and the 2000 is only a dual card, or is that not correct?

MR. KEOWN: No.

MR. CRUZ: Okay. Explain that.

MR. KEOWN: The basic ADLU card whether it's a combo card or quad card would fit in a 2000 or 2012.

MR. CRUZ: Thank you.

MR. KEOWN: It's both the same product.

MR. CRUZ: Do you have a follow-up?

MS. THOMAS: Yes, I do. I guess looking at one of your slides where you indicated that -- let me find it for you. The infrastructure that you've described, you basically indicated that it would either be used with line sharing or data only. Now, how does a CLEC that is an integrated

service provider get a loop to provide both voice and data under this architecture that's going through the remote terminal?

MR. CRUZ: Let's look at the slide.

MR. BOYER: 20.

MR. CRUZ: I think it's Slide 20. Give us one second. Thinking through this. You know, I think it's a good suggestion. I don't think it's something we've contemplated, so I think we'll have to go back to the drawing board and address that.

MS. THOMAS: That's pretty scary. There's a lot of us out here. I mean, I think you -- I sense from your letters to the FCC that you had meetings with Covad and North Point and Rhythms and you didn't have meetings with anyone that's an integrated service provider and that's pretty scary for us.

MR. CRUZ: The fact that we had the meetings or the fact we haven't contemplated the scenario?

MS. THOMAS: No, this does not contemplate I don't think how we would be able to provide service from any of these remote terminals.

MR. SAMSON: Can I frame that? Or

let me ask the question that for loops let's say less than 18,000 feet or whatever the magic number is, you could provide voice and data over traditional copper pair, so is your question to the extent that there's a loop that's maybe 25,000 feet long and you don't want to put a DSLAM at the RT, how could an integrated provider provide both voice and data over some sort of arrangement like this, get the voice stream and the data stream? Is that a good framing of it a little bit?

MS. THOMAS: I think that's correct. And I don't know, one of my other questions is, you know, sort of where are you putting these remotes and is it only for loops beyond 18,000 feet? I've heard that perhaps you're putting them a little closer to the wire centers which would make, you know, copper loops even less accessible. In other words, we'd have to go through remotes even for not that long of loops. But I think --

MR. CRUZ: I think maybe Marsha may have a comment.

MS. FISCHER: The second one is true. I mean, the whole goal is to push out DLC, but we do have areas that are served by like an existing digital loop carrier system that may be

less than 18 kilofeet, okay. On those we'd leave those there for the POTS. The DSL service would still be providing this kind of an architecture, okay. So, those copper loops that are in the 17 and a half and below range, you still use a CO-based DSLAM for that, okay. So, I think does that answer that one for you?

MS. THOMAS: It helps that.

MS. FISCHER: Okay.

MS. THOMAS: I mean, obviously we're also concerned about being able to compete for the kind of loops that SBC ASI is trying to compete for.

MS. FISCHER: Sharon, let me take a crack at your first question, see if I'm clear on it. Can we go to Slide 23, please? Sharon, by integrated provider, talking about you provide the voice and the POTS.

MR. SAMSON: Or data.

MR. CRUZ: Data and voice.

MS. FISCHER: I'm sorry, so sorry. POTS and the data.

MS. THOMAS: POTS and the data.

MS. FISCHER: There's a couple of ways. This drawing, see, No. 1, take Path 1 from the end user back, it's intended to show that you

can still get the same 8 DB voice UNE, okay, with this technology and it works the same way. The POTS can be groomed, sent to your voice switch wherever that may be. Now, if for whatever reason in your business plans it makes sense to place your own equipment out there, and you could do this in a public right-of-way environment or you could acquire whatever land you may need, you could place that equipment, you'd have to build access back to that SAI, okay. And that's where you would get the line-shared loop where you could put your POTS and your data.

MS. THOMAS: Yeah, I mean, we generally aren't going to be wanting to place -- I mean, we may in some limited instances, but generally we'd still like to ride the ILEC plan out to, you know, the whole length of the CO to the --

MS. FISCHER: And that's -- that, again, our thought was you still had the 8 DB UNE coming back in and then you could use the broadband UNE product to get the voice and the data.

MS. THOMAS: And I guess I'm just confused because it seems to me the way you have this, in other words, we could get a loop that goes following Path 1 all the way back to where it looks

like it terminates in this SONET common control area. You're saying we would get that loop and at that point we would be able to split the voice and the data or --

MS. FISCHER: No, the data's already left at that point. The data is riding back in the OC-3c signal.

MS. THOMAS: So, we have to somehow use both of those. I'm not an engineer, I admit, and so I'm a little confused.

MR. KEOWN: Well, because of the way this technologist developed the design, what you're trying to do is already being done basically in the broadband UNE pipe. So, we can sell you a UNE that carries voice and a UNE that carries data, so you'll end up with two UNEs is essentially what you have. But the technology won't allow us to haul this back and combine it back for you into a pipe that goes into a copper facility back to your whatever device you service.

MS. THOMAS: Can I make sure that I have that straight now? So, if you're an integrated provider they can purchase from SBC a UNE to provide the voice and a UNE to provide the data? That's your statement.

MR. KEOWN: Well, that is not a product that's being offered at this time. That product's not being offered at this time.

UNIDENTIFIED SPEAKER: I'm sorry. We couldn't hear that.

UNIDENTIFIED SPEAKER: Can y'all repeat the question, please?

MR. KEOWN: The question was, can she buy a POTS UNE and a data UNE over this infrastructure; is that correct? And I'm saying you can buy an 8 DB UNE LUNE -- UNE LUNE -- we are in a little trouble here. You can buy an 8 DB UNE loop over this infrastructure and everyone is happy. Works the same way as any other DLC that we have out in the field today, buy the UNE loop.

MR. CRUZ: You have a comment.

MR. SAMSON: Well, I think, James, just to add what you're saying, you have to -- and I think your comment's good and we need to take a look at that, so -- and we've kind of said we haven't flushed that out as well, but if you think about where we've come from, you know, can we provide an 8 DB analog loop, yes, we can; can we provide a stand-alone DSL UNE loop, yes, we can; can we provide a line-shared, which is the latest

requirement that's been placed upon us, a line-shared UNE loop where SBC is the traditional TELCO voice provider and the data CLEC is the data provider; yes, we can. Those are the three requirements that we perceive that are on us and with this proposal, that's how we would meet those three requirements.

I think what you're raising, and I don't want to characterize this any way pro or con, but let me just kind of put it in my words. What you're raising is beyond our obligation to provide an analog line, a digital line and a line-shared line where we're the voice provider. It sounds to me like you're saying could you provide a line-shared line where you're not the voice provider but that I am both the voice and the data provider. And while you -- which isn't really a line-shared line in the respect that two different companies are using it but it's a line that you want to use for both those applications. And while it's a good question, what hasn't been flushed out is that a requirement, can we do it, should we do it or whatever, and I think what we've learned today from this meeting already is that we probably need to think through that.

But we can give you a DSL loop with this

architecture which we're required to do, we can give you an analog loop with this architecture which we're required to do and we can do line sharing where we're the voice provider and you're the data provider. And so for sure those are the things that are safe that can be provided.

MS. TAFF-RICE: May I just follow up on that then? I'm Anita Taff-Rice with Rhythms. What you're saying is that you just don't have that offering? Are you saying there's a technical reason why or it's just beyond the requirements of the merger conditions order?

MR. SAMSON: Let me think through your question there. What we're saying is what we've presented to you today, that isn't an offering here that we're presenting today. What we were trying to address with this architecture is the line-sharing requirement and the DSL loop requirement that we have, you know, and the issues surrounding collocating a DSLAM at the RT.

MS. TAFF-RICE: So, let me try to reiterate the question then. I think I wasn't clear enough.

MR. SAMSON: Okay.

MS. TAFF-RICE: This offering that we

were just describing that Mr. Keown said is not available today, that would be where a CLEC would be the integrated voice and data provider, and I know you don't consider that line sharing because it's the same company, but that offering is what I'm talking about.

MR. SAMSON: Okay.

MS. TAFF-RICE: That is beyond the scope of what you perceive as being your requirements under the merger conditions order? Did I understand that right?

MR. SAMSON: No, that's not what I said. Again, I was trying to say I don't want to characterize it. There may be an opening question, is there a requirement to provide something like that, and I'm not sure that I know the answer to that question. But what I am addressing are the things --

MS. TAFF-RICE: Okay. Assuming the answer is yes, is there a technical reason why you can't provide that today?

MR. SAMSON: James, I don't know -- I wouldn't feel like I'm the most knowledgeable guy to address whether there's a technical reason or not.

MR. KEOWN: Do it for yourselves. Do

it -- from a technical point of view, if you can do it for yourself from the voice side and somebody else from the data side, then technically you can do it for, you know, a CLEC to do the voice as well.

MR. SAMSON: Yeah, and maybe we need to have some additional thinking around the technical implications. We weren't really coming with that in mind, so we don't want to make an off-the-hand comment in that regard.

MR. CRUZ: And I think the point is we really haven't thought through it, which is Allan's initial reaction to this, and I would concur that that was not something we had contemplated in including in this current product offering we've described today, but it does give us some good feedback to go through and think through what our position on that will be. So, I don't want to come out and say we will not do it or we will do it or commit, make comments whether it's technically feasible or not or what our position is yet because we just haven't had time to flush it out, so at least --

MS. THOMAS: Well, we'll be happy to work with you.

MR. CRUZ: I'll be happy to work with

you as well.

MR. SAMSON: A guy over here's been very patient.

MR. CRUZ: One moment. Sharon, had -- I'm not sure whether that wraps up all your questions.

MS. THOMAS: I had a few more but I won't hog the floor here, so --

MR. CRUZ: Sir?

MR. RUDOLPH: Lee Rudolph, Fort Bend Telephone. For us as CLECs to kind of support this kind of scenario, those of us that are integrated providers must do both voice and data. And so we would be looking for that third alternative as one of the three choices versus one where you're the voice side and we're the data side only. So, I really would encourage you to take a strong look at that.

MR. CRUZ: Thanks, Lee, for that feedback. A hand's going up. I know this gentleman's been wanting to speak for a while. I'll get to you in a second.

MR. MURTHY: Murthy from PNS Communications. One of the things I just want to address on the questions that have been going about

is in a multi-dwelling unit, campus involvement or multi-tenant unit as it's sometimes called, that kind of requirement can be more, you know, meaningful. There is an application for that. The CLECs would come to you. CLECs sometimes there are CLECs providing services to a metropolitan area or they may be only providing to a building. They may come to you for such a requirement. Anyway, my question was, I have technical questions, I have business questions and I'm going to ask only one at a time so other people get a chance to ask.

MR. CRUZ: Great.

MR. MURTHY: What is the deployment road map which covers locations, cities, states and how are you going to decide where and when in what logistics you are going to deploy all this over three years and are you going to do any survey from the CLECs depending on where the needs are, who is interested, how many CLECs like here who are present would be interested in giving, you know, their feedback on priorities, especially this road map, in terms of time?

MR. CRUZ: Just to paraphrase your question, make sure I captured the essence, you're interested in knowing the PRONTO build-out

schedules, the priorities, what input or role does a CLEC have to influence that prioritization process?

MR. MURTHY: Exactly, exactly.

MR. CRUZ: And I'm going to just punt that right to James.

MR. MURTHY: You don't have to answer the questions now.

MR. CRUZ: That's kind of out of my realm of expertise so, James, is there something you could share with the folks here or Marsha maybe?

MS. FISCHER: I mean, the targeted wire centers are out on the web at that web address, okay. And there are time frames for initial set, okay. And I believe there's months for the closer-in periods. We're talking about going into quarters, okay, so you'll see wire centers. And then as we unfold, and we're still working through our planning processes, you'll begin to see RT locations.

MR. MURTHY: And what are the positions based on at this time for the road map? Was there a feedback from the CLECs or where is the concentration of users or something like that?

MS. FISCHER: There hasn't been anything like that to date.

MR. SAMSON: Marsha, would it be safe to say or not, because I don't know, I would ask that it's somewhat based on population and obviously we're targeting big cities before rural areas, and so there's some sort of intelligence based on customer density that went into the schedule that's been put together.

MR. KEOWN: Lots of demographic information.

MR. SAMSON: Demographic information.

MR. CRUZ: Howard?

MR. SIEGEL: Howard Siegel, IP Communications. Marsha, if you could clarify the answer on new DLC. My understanding from your answer was, but I'm not clear, is that where there's existing DLC less than 18 kilofeet this is architecturally put in but there won't be new DLC being put in at under 18,000 kilofeet, that we're talking about longer distances for new DLC deployment with this architecture?

MS. FISCHER: Okay. The question is kind of back to Sharon's original one. Are we going to place this architecture less than 18 kilofeet? Is that your assessment? The answer's yes, we will, okay. If there are existing copper loops today, use

your CO-based DSLAMs up to the distance and the speed requirement that you need, all right? But there are subdivisions, a variety of campuses, you mentioned end users, those kind of things, they're served by existing pair gain devices, okay, and we are not going to go back and upgrade some of those. We're going to place this in the same geographic area and turn those houses green or whatever the right choice of words are.

MR. SIEGEL: And I guess my question was, where there's existing pair gain devices I think I understood that from your question. I guess my question was, will new pair gain devices be put into the field at less than 18,000 kilofeet?

MS. FISCHER: Yes, yes, yes, because you have if -- think about your CO-based DSLAM, if you want to offer one and a half meg and you're really pretty good up to 12 kilofeet, right, 12 to 17 and a half, you know, it's kind of marginal, depends on the loops and the interferers, so yes.

MR. HUGMAN: Chris Hugman with Connect South. To follow up to his question, so does that mean that loops that I have that are available to me today may not be available to me tomorrow because of this?

MS. FISCHER: No.
MR. KEOWN: No.
MS. FISCHER: No.
MS. TAFF-RICE: I'm sorry. Could you explain that answer? How can that be? If there's pair gain that's going to be there tomorrow that isn't there today, how does that not eliminate a loop that would be DSL capable?
MS. FISCHER: This pair gain is DLS capable.
MS. TAFF-RICE: For ADSL only.
MS. FISCHER: Well, and for other DSL.
MS. TAFF-RICE: But for other types of DSL are you saying that putting new pair gain in is not going to reduce the number of loops that could be provided for any kind of DSL?
MR. SIEGEL: And specifically for your DSLAM in your -- in the central office.
MR. SAMSON: Is the question are we going to put pair gain -- this in and then take the copper loops out or something along those lines? Is that what you're requesting?
MS. FISCHER: Is that it?
UNIDENTIFIED SPEAKER: I'm struggling

with --

MR. SAMSON: I don't believe, James, it's not going to wreck any plant that's existing today.

MR. KEOWN: Exactly. Whatever exists out there today, this network is to go in to shorten loops, make loops 12 kilofeet. But whatever exists today, whatever copper's out there today that you're riding a DSL service over today will be there tomorrow, will be there till it deteriorates and rot away from us.

MR. CRUZ: Let's not say that.

MR. KEOWN: Maybe not, but whatever copper loop is out there today, you'll still be able to buy that copper loop today if you want to buy it and we have it available. Those UNEs will be made available as far as I know. We aren't going to wreck it out just because we're putting in this architecture.

MR. CRUZ: Does that answer your question or were you --

MS. LOPEZ: Well, I want to continue on his question. This is Ann Lopez from Rhythms. You're deploying at 12 kilofeet. I might be deploying at 15, 16, 17 kilofeet and you put this

in, you've knocked me out.

MR. KEOWN: No.

MR. SAMSON: How so, Ann?

MS. FISCHER: Kind of help me with --

MR. KEOWN: I'm not saying that.

MS. FISCHER: -- the thought process.

MR. KEOWN: This is not taking away copper loops. So, if you're providing service out to 16 kilofeet over existing copper loops today and we've deployed this network, that 16 kilofoot copper loop will still be there.

MR. SIEGEL: But as population grows in that area, the percentage of loops that are accessible to us in that area is going to diminish because the new growth is going to be all served by the DLC as opposed to new copper.

MR. KEOWN: Maybe.

MR. SAMSON: Well, yes and no. And correct me if I'm wrong. Take a feeder. You have an RT somewhere and there is a copper-fed RT, we place a digital loop carrier, you might have an argument that there's some competition for the F2 pairs now because the F2 that comes into that RT, some are going to be cross-connected to the existing copper F1s, some are now going to be connected to

the new PROJECT PRONTO, but the number of copper F1 pairs did not go down. They're still there.

Now, as we provision new POTS service, in fact, I might argue it frees up more copper pairs because folks that aren't DSL capable aren't interested in buying DSL, they just want a POTS line, they will start being provisioned over the new digital loop carrier and that will then take the pressure off the voice-only use of the F1 copper pairs.

So, you could argue it. I mean, every case will probably be a slightly different mix and who know for sure, but the F1 pairs, we're not planning on short of normal cable maintenance, if it's an old cable that's paper or pulp or whatever and we have to replace it we do, but there's no proactive plan to install this and then take out all these existing F1 pairs. I think, James, you would agree with that.

MR. KEOWN: I agree.

MS. TAFF-RICE: Has SBC done a study as to whether this would reduce the number of F2s that are available?

MR. SAMSON: Well, no, I don't think you need to. The question was, is there some study

that's been done to talk about if F2 pairs would be reduced. The number of F2s, let's say an existing neighborhood with no growth, okay, there's X number of F2s there today. When you put in the pair gain device, there's still the same number of F2. Some of those folks are going to be POTS only customers that may go through the new pair gain, may go on the old copper. Some of those may be your DSL customers that are on existing copper, so there's really nothing that's going to happen with the F2.

Now, as additional neighborhoods come on and we build additional F2 distribution, they will be mapped into that RT, and depending on the application, they may ride the digital loop carrier, they may ride the existing F1. But I don't know that there's a need to do any study. I'm not sure what we'd be studying, per se, because what's there is there and more copper distribution may be placed but -- so, I guess I don't think, James, you or I are understanding how this would reduce in any way the amount of copper available to CLECs. Yes, sir.

MR. RALL: To the extent that you deploy this architecture --

MR. CRUZ: I'm sorry. Could you give us your name and company, please.

MR. RALL: Gary Rall with AT&T.

MR. CRUZ: Thanks, Gary.

MR. RALL: To the extent you deploy this architecture and then you turn a neighborhood green as you were saying so that you could pick up higher speed DSL service and you run it back to the central office and you're running that new architecture and then the customer wants to switch their service provider away from SBC to AT&T, for instance, since you're saying that AT&T can't provide both the voice and data over this new architecture, you would have to swing that customer back to copper and copper won't support the service because before you put in this architecture it was not a green architecture. So, you see, that's the problem we have of not being able to utilize this on a going-forward basis.

MR. SAMSON: So, I think what your comment leads us to is what we said earlier is that we need to take into consideration the request that you had about having a product over this Litespan that offers to an integrator provider both the voice and the data stream over the Litespan rather than just a DSL or just a line-shared loop.

MR. RALL: Right, and as a part of

that I think what was said below there, I think you need to get input from the CLECs on where you deploy this. I imagine your whole architecture's based on ASI's deployment criteria right now and not the CLECs.

MR. SAMSON: Well, I wouldn't agree with that statement certainly, but I think we mentioned it was based on population densities as a rough gauge, you know, hit the big cities, the dense markets. I bet James would --

MR. RALL: So, it's not based upon anybody's data, any of the data CLECs input?

MR. SAMSON: James, I mean, you can speak to that, but my understanding was a population density type.

MR. KEOWN: It was a lot of demographic data including population.

MR. SAMSON: Percent of existing DLC, things like that.

MR. KEOWN: There's a variety of marketing data that was gathered, punched into computers and crunched out numbers that said these look like the right locations that have the right demographics for this type service. I don't --

MR. RALL: I think you should talk to

your customers about it rather than just making a unilateral --

MR. CRUZ: There's a question way in the back. I'm sorry. I'll get to you guys in just one second. Yes, ma'am.

MS. BLAIN: Got a long list. What's the density --

MR. CRUZ: I'm sorry, your name and your company?

MS. BLAIN: Lucy Blain, Caprock Communications.

MR. CRUZ: Hi, Lucy.

MS. BLAIN: What's the density of the AFC UMC box, your Litespan 2000 and Litespan 1000 as far as POTS subscriber accounts that are going to be served out of each technical equipment?

MR. KEOWN: The Litespan 2000 POTS --

MR. CRUZ: Do you want to rephrase the question for the folks on the call?

MR. KEOWN: The question is, how many POTS customers can you have in a Litespan 2000 and a UMC 1000 box. Marsha, help me on the UMC, but on the Litespan 2000 you get 2,016 POTS assuming it was completely plugged in, POTS only. On the UMC it's 672, I believe, 672 POTS customers in the UMC 1000

product.

UNIDENTIFIED SPEAKER: Can you speak to DSL?

MS. FISCHER: Okay. For -- the configurations vary, okay. We have some housings that are CEVs, some that are huts and some that are cabinets and there are various size cabinets as well. As James said, though, on the Litespan 2000, 2,016 POTS, dependent upon the cabinet or the CEV or the hut that number of ADSL circuits can go up. 672 is approximately.

MS. BLAIN: I'm actually talking about POTS because I want to get a feel for how many subscriber base that we can go after by going with, you know, when you put in these DLCs, you know, how many voice customers you're going to throw onto these new Litespan and UMC devices.

MS. FISCHER: Okay.

MS. BLAIN: So that we can figure out, you know, do we even want to take a chance at this DLC location at all, you know, is there enough opportunity out there for us.

MS. FISCHER: Right.

MS. BLAIN: So, what do you think is the average line size of POTS customers served out

of some of these locations?

MS. FISCHER: What we'll do in existing locations, we'll use our existing technologies for POTS, okay. So, new ADSL subscribers that would use this UNE, the POTS would go on this architecture. New POTS growth would go on there. 1,344 POTS with 672 ADSL is one configuration. 2,016 POTS is the element. Now, we're creating -- up there on the drawing you saw an SAI. Those are neighborhoods typically, okay. And if you read the investor briefing, there's something called a neighborhood gateway. That's in essence these remote terminals, okay, and there's anywhere from maybe three to five distribution areas and those distribution areas can have 200 to 600 living units, okay. Yeah, and some of those are populated, some of those have vacant land in them, that kind of thing. So, I apologize. I don't know if there's a pat answer to the question. It's going to vary by site.

MS. BLAIN: That gives us a good idea. Now, when you put in these new Litespans and UMCs, how much -- I guess in the cabinets or CEVs, how much OEM shelf space are you going to leave open for CLECs and DLECs to be able to collocate inside

those cabinets and CEVs? Give me some idea. I mean, are you just going to have one 19-inch shelf, you know, worth of one shelf open or what are the plans?

MS. FISCHER: We're still working through that. There's two issues with all of these housings that we need to be mindful of. One is physical space. The other one is what we've called up here environmental capacity, power, power drain and heat, okay. We're working through some issues, and what we've talked about is increasing the size of our huts and CEVs beyond what we believe the forecasted demand would be.

MR. SAMSON: On new bills.

MS. FISCHER: On new bills for -- and again, this relates to PROJECT PRONTO, okay. And then in cabinets, those may or may not have enough space in them, okay. Again, we order different configurations. So that's -- you know, that's another reason why we've come to this product as it is today is because it really lets us take advantage, us being the entire community of interest here, take advantage of the limited amount of space. And as Chris said, one of our first alternatives that we looked at was the CLECs owning

the card. And the dual card's what's available today. The quad will be available later this year, but that would give you four POTS and four ADSL on the same card.

But the problem with that was, if each of us only had, you know, one customer per Caprock, one for Covad on a card, you had three ports in essence vacant, which is a capital issue we thought for many of the CLECs, but it was a space issue. You could consume all the slots. So, with this product we thought it just let us all collectively take advantage of the limited amount of real estate that's in the houses.

MR. MANN: Can I follow up on that question because -- Gary Mann with Golden Harbor -- earlier you said that beyond 18 kilofeet the way that the CLECs could actively compete was to collocate, and the only way we can collocate is if you provide enough space. And of course the only way we know if that's economically feasible is if we know what it's going to cost us to collocate versus the prices for all these things you gave us at the end that you haven't developed yet. So, how can we compete if you're not going to provide space to collocate though?

MR. SAMSON: Well, I can address that from a -- you know, the RT is a real tricky place. As I think you would agree, that there's no requirement for us to go out and build more RTs and make them bigger. At least that's the way we've read the requirements that to the extent we have space, absolutely, we need to provide via 9948 in the collocation rules terms and conditions, and I think in most of our states we have. The existing collo terms you could submit an application to collocate in an RT. I think the practical reality is there's just a large number of those that there just isn't going to be sufficient space. So then the question becomes, if you want to collocate, you absolutely can; put an application in and if there's space it will be there. But if there's not, then there isn't.

Now, when a new RT site is built, you know, one of things that have been looked at is we need to size these for -- as we would a year ago when we're building an RT for a digital loop carrier for traditional POTS, you don't build those extra big just to have lots of room in there. You oftentimes have rights-of-way issues and you only have so much of a footprint to work with. So, on

new builds we're going to build them to size the equipment that we need. There's been some discussions internally do we need to somehow add an extra 10 percent on the space that's in there to provide for collocation, and we're working through those. I don't know that there's a strong requirement either way, but to the extent that we can, we're going to try to accommodate that.

MR. MANN: Well, yeah, just going back to Sharon's first question when we started this discussion.

MR. SAMSON: Sure.

MR. MANN: And ya'll said that for less than 18 kilofeet the copper's still going to be there, so you have a viable alternative. For 18 kilofeet or greater, her response was you can collocate. How can you collocate if you're not going to have the space available?

MR. SAMSON: Well, and let me modify that a little bit. Where space is available. That's not the only option. I think sub-loops are going to be available to the extent that you want to place your own RT next to ours or pedestal or bring some fiber. I mean, the sub-loop discussion, which this in general UNE Remand sub-loop is probably

broader than the scope of today's meeting, but to the extent that the options are available today with or without PRONTO, and that is, you could collocate where there's space, where there's not space, perhaps you do an adjacent, you place your own RT and we run a jumper between ours and yours, that set of options that would be available with or without PRONTO I think is what Marsha was referring to. Those same set of options all exist for you.

And so, you know, if it's greater than 18,000 feet and it wouldn't have worked for you today and you're not interested in this product that we're offering, then those options are available whether that be collocating or placing it next to us or --

MR. MANN: All that kind of hinges on whether or not you're going to make the voice and data available together.

MR. SAMSON: And again, for the third time, we need to go back and take a look at that. That's a good point.

MR. CRUZ: Right up front, yes, sir.

MR. STOTLER: Stan Stotler with Omniplex.

MR. CRUZ: Hi, Stan.

MR. STOTLER: Keeping with the voice and data theme, could we look at Slide No. 8? Because unless I misunderstood, I thought this is showing us that indeed voice and data would be available. I believe that's it.

MR. SAMSON: What was the question again? I'm sorry.

MR. STOTLER: Well, I thought this slide indicates that both voice and data would be available. I also understood that the CLEC would be purchasing ports for voice and data over the ATM network. Is that not what we're showing here?

MR. KEOWN: No.

MR. STOTLER: You have an OC-3 POTS and an OC-3 data going into your OCD.

MR. KEOWN: That OC-3 data pipe is a shared pipe for all the DSL services riding out of that RT.

MR. STOTLER: But would you not map VCs through that network and then map those VCs over to the CLEC connection into the ATM CLEC switch?

MR. SAMSON: James, isn't the ports we're talking about really on this side? This is a shared port for all data CLECs including ASI and everyone else. This is common. This device

separates those packets out to the individual carriers, and what you would be purchasing is a port or two DC-3 or OC-3 on this side of it to get it back to your collocation.

MR. KEOWN: That's correct.

MR. SAMSON: And on this side this would be SBC-provided POTS coming in that SBC would then demultiplex down and run into the switch.

UNIDENTIFIED SPEAKER: So, it could be shared POTS.

MR. STOTLER: So, the POTS would not be sent out on the outbound port in a DS3 or OC-3 to the ATM switch that the CLEC owns?

MR. SAMSON: It'd be a DS1, wouldn't it, into a digital switch or whatever?

MR. KEOWN: Whatever the DSO or DS1. It won't come through the OCD, outbound ATM switch, the voice won't.

MR. STOTLER: It cannot or it won't?

MR. KEOWN: It won't and cannot. Well, it cannot under this architecture.

MR. STOTLER: Under this architecture.

MR. SAMSON: You notice the OCD is separate from where the POTS. The POTS is

terminating in the traditional SONET here; is that correct?

MR. KEOWN: Yeah.

MR. SAMSON: The OCD is where the packets return --

MR. STOTLER: Okay. So, that's really two separate --

MR. SAMSON: It's two separate facilities, yes.

UNIDENTIFIED SPEAKER: And we're going to -- we'll take the OCD.

UNIDENTIFIED SPEAKER: It's actually not one network element, it's really two.

MR. KEOWN: It's actually two separate network elements, two separate common vendors that make those elements, as a matter of fact.

UNIDENTIFIED SPEAKER: Okay. I understand that.

MR. CRUZ: Yes, sir.

MR. NUTTALL: Gary Nuttall with Sage. Are you saying in that picture, Allan, you just pointed out the OC-3 POTS. Can that be a UNE CLEC POTS as well? Because your voice splitter is out of your RT, so if I'm doing my voice splitting out

there, why can I not have UNE POTS and split out my data and do the DSL on my data line and doing that scenario? I mean, unless you put in place a policy that says that cannot be UNE POTS, why would it not work? I can understand that you're not providing a data pipe back that has voice and data in the same pipe where I can do a soft switch. I understand that statement.

MR. SAMSON: Let me restate the question for the folks on the call and to make sure I heard it right. Is your question will SBC provide an unbundled switch port and an unbundled loop using this network and over that loop provide both data and voice in the splitter functionality, in a sense a line-sharing arrangement on a UNE P-type configuration? Is that your question?

MR. NUTTALL: That's effectively it.

MR. SAMSON: SBC's position from the line-sharing order is that line sharing is not required to be provided in UNE P arrangements, and I know a number of the companies that have been involved in our line-sharing trial, we've had a lot of discussions around that. And so at this point that would probably be SBC's position that that's not a requirement to do that.

MR. NUTTALL: Another way to state the answer is line sharing through PROJECT PRONTO is only available on an SBC provided POTS service.

MR. SAMSON: This will be the fourth time. Based on what we shared today, we understand that you-all would like the opportunity to have CLEC-provided voice over that and we had not contemplated that previously. So, yes, today the product that we're talking about is the 8 DB loop, the DSL loop and a line-shared loop where SBC is the POTS provider consistent we believe with what the line-sharing order has asked us to do. Any add-ons to that or anything?

MR. KEOWN: No.

MS. SMITH: I have a question. It might have been answered previously, but I couldn't hear. There was a question posed about whether or not the POTS signal could go --

MR. CRUZ: I'm sorry to interrupt. Could you tell us your name and the company you're with, please?

MS. SMITH: I'm sorry. This is Kristin Smith with Rhythms. Can the POTS signal not go to the OCD? Is there a technical reason why it can't or does it just not go there?

MS. SAMSON: Doesn't go there.

MR. KEOWN: There's a technical reason right now. The way the ADLU card is built, it physically splits out, electronically splits out the voice. And I guess maybe I should have repeated the question. The question again was, is there a technological reason why we can't send the voice down the OC-3c pipe versus anywhere else. When it hits that ADLU card out at the RT site, there is a physical splitter there just like any other DSLAM, just like any other splitter arrangement. The difference is on the back plane of the Alcatel equipment, that voice is routed up to the common control arrangement where it is multiplexed onto the OC-3 for voice only. So, the data is split off and ridden over the ATM, if you will, cloud, the ATM pipe, the OC-3c pipe. So, technologically the equipment won't do that right now.

MR. SAMSON: We need to take just a real short break. We've been instructed every hour, so we need to take a five-minute break so they can switch the tapes on that. And it's right at 3:00 o'clock now. If we could take a brief five minutes or less, then we'll restart as soon as we get our tapes all swapped out.

(A recess was taken.)

MR. CRUZ: Go ahead, please.

MS. BLAIN: Can you go to Slide No. 8? This is Lucy Blain from Caprock Communications. Slide No. 8 where there's an OC-3 data going from the Litespan 2000 to the OCD. Can you explain exactly how the different ADLU DSL PVCs actually are going to be mapped to the OCD? Are they going to be individual PVCs at the port on the left side of the OCD or is it going to be aggregated into one big PVC? How's that going to work?

MR. BOYER: You're asking how we're actually going to provision the PVC from the Litespan through the OCD?

MS. BLAIN: Because each end user from the get-go has a PVC.

MR. BOYER: That's correct, each end user does have a PVC. I guess I wasn't very clear in my presentation, but what will happen is, is that when you submit the LSR for the end user service order, we will have a new FID put on the LSR for the virtual parameters that are necessary to provision the PVC. So, when you submit the LSR for the end user service, we will ask the CLEC to put the virtual path and channel indicator, virtual

parameters on the LSR and it will flow through within our system to actually provision the PVC at both ends of the service, so --

MS. BLAIN: So, the option for us to take that into our ATM network is we have to have an ATM connection at the left side of the OCD.

MR. BOYER: Right.

MS. BLAIN: And the only options we have you said was DS3 and OC-3?

MR. BOYER: That is correct.

MS. BLAIN: No DS1 or IMA?

MR. BOYER: You're talking about on this side going from --

MS. BLAIN: Yeah, on the left side.

MR. BOYER: From here up to there?

MS. BLAIN: Right.

MR. BOYER: Yes, it's only OC-3 and DS3 today.

MS. BLAIN: Will there be DS1 or end time DS1 capabilities later? Because really going out to DLCs, I don't see us ever chewing up a DS3 at the DLC level, not with those subscriber caps.

MR. BOYER: I think at this point in time the only thing that we're building ports that are available on the device that we procured for the

OCD is going to be an OC-3 and DS3. I can't speak for the future.

MS. BLAIN: Oh, okay. So, different RTs will home into the same OCD.

MR. BOYER: Right, that's a good point. There will actually be like probably anywhere from 15 and in some cases up to 25 or so RTs going into that OCD, so if you have -- so, if you bought a DS3 port like I indicated in the presentation, we would allow you to buy a thousand at the maximum. You could put approximately a thousand PVCs over that one DS3 port. If you had a thousand end users out of those 22 or so, 20 or so RTs, that would be -- that would fill up the entire DS3. So, as the network grows and we get more DSL providers out in the field for all the different customers, you'll probably see a lot of that usage pick up.

MS. BLAIN: What quality of service mappings are we allowed, or is it pretty much whatever the Litespan can handle?

MR. BOYER: Pretty much is relegated by the Litespan.

MS. BLAIN: Okay.

MR. CRUZ: I know -- one second.

This gentleman over here to the right side had his hand up for quite a white.

UNIDENTIFIED SPEAKER: I also have a question on the bridge when you're done with that.

MR. CRUZ: I'm sorry, could you repeat your name?

MR. DRAKE: William Drake with MCI Worldcom. You have three proposals there now. They do not cover all the needs or wants of MCI Worldcom. Can I submit another proposal to you?

MR. CRUZ: Sure.

MR. DRAKE: All right. Do we do it at this web address that is on here or what?

MR. BOYER: You can e-mail me.

MR. CRUZ: There's a -- on the accessible letter that went out to all the CLECs, there was an e-mail address to Chris Boyer. If you guys would like to present that to us, that would be great. And we'll probably just have to phone up to the account team just to make sure they're plugged in, but we can definitely entertain any options or recommendations you have as well.

MR. DRAKE: Thank you.

MR. MURTHY: Such as a recommendation or any communication to you, would it be transmitted

to everyone who is already attending this in CLECs?

MR. CRUZ: We can create minutes and include those in there --

MR. MURTHY: Yeah, please, yeah.

MR. CRUZ: -- to make sure everyone's on a -- I guess communicating well with all the requirements. We just had a request from MCI that they have a different option for us to consider and they're going to e-mail it to us and we've committed it to distributing that in the minutes, so --

MR. BOYER: With the options?

MR. CRUZ: Yeah, with the options. Yes, sir.

MR. WEINER: My name's Ken Weiner. I'm with Birch Telecom, and my question has to do with the technology on that Litespan 2000. In terms of the -- did you have requirements from CLECs to help evaluate which technology provider you would use and -- or what were the requirements you were matching against to pick the technology, and then also what are the forward-looking plans for Alcatel with respect to SDSL-type capability?

MR. BOYER: James. I'll let James take that one.

MR. CRUZ: Do you want to restate the

question for the folks on the call, James?

MR. KEOWN: Yeah, the question was, do we take input from CLECs in choosing the technology that we're deploying in PROJECT PRONTO; and the second part of the question is, what is the forward-looking view for the Alcatel equipment as far as other flavors of DSL services.

The answer to the first question is no. We did a fairly detailed evaluation of various products and technologies looking at where we thought the industry was going. And at the time this -- and besides, we had some companies already had a lot of this equipment deployed, so this looked like the best alternative at the time that we were doing our technical evaluation of the product, so we landed on this particular technology.

As to the second part of the question, Alcatel is developing a variety of cards, HDSL-2, SDSL, I think they already have IDSL, so there are other flavors of DSL services that they're going to be deploying and rolling out. Now, whether those become products, I assume we will certainly take a look at those as offerings at some point in future.

MS. GENTRY: When did you do that evaluation?

MS. SMITH: Do you have a time frame when this might be available?

MR. KEOWN: I'm sorry, got two questions here.

MR. CRUZ: Actually if we could take the call. And, Jo, I'll get back to your question in a second. Could you go ahead and state your name on the bridge and the company you're with, please.

MS. MAYS: I think it was both Kristin and I. This is Christine Mays from North Point, and actually the previous gentleman pretty much asked the question that I was going to ask, although I guess mine is a little bit more detailed in the sense that what is the plan? I mean, you're saying that this product will -- will in theory be capable of handling any kind of DSL, but in truth, and maybe this is the first part of my question, it seems that right now the Litespan 2000 is the Alcatel equipment only supports ADSL. What is the plan for either taking CLEC input or allowing CLECs perhaps through the profile that you're talking about in this new SOLID system to say what kinds of cards they want put into the Litespan 2000 equipment, or is that solely going to be up to SBC?

MR. KEOWN: I'll take the first part,

and I'll turn the second part to Chris if you don't mind. Alcatel has a migration strategy and a deployment strategy. I just don't have that handy at the time to tell you the dates and times when SDSL, IDSL and those other flavors of DSL --

MR. CRUZ: I think it's fall of 2000.

MR. KEOWN: I think that's right. I think at 11.0 you'll start getting to HDSL-2 which is late this year, I know, but I don't have a -- since I don't have a detailed schedule I don't want to be speculating on exactly what those dates are.

MS. MAYS: Can we get that from him?

MR. KEOWN: Alcatel has that available. I think it's probably available on their public web sites.

MS. MAYS: That's fine.

UNIDENTIFIED SPEAKER: Could you include it in the minutes?

MS. MAYS: So, what about the plans going forward about how you're going to decide once Alcatel does release additional types of DSL how you're going to decide what goes in there?

MR. BOYER: Can you repeat the question, please? I don't think I quite understand your question.

MS. MAYS: Well, I mean, right now the theory is the product will support all different kinds of DSL, but obviously you'll need different cards in the Litespan 2000 equipment to support the different DSL services.

MR. BOYER: Right.

MS. BLAIN: So, what is the plan from SBC's perspective? How will you decide what kinds of DSL will be supported out of the different RTs and what percentage and ratios and things like that?

MR. BOYER: Those are -- that's a good question. I don't have the answer to that. We have -- we have not -- if you're asking whether or not we've developed the process of how we're going to deploy different cards other than the existing ADLU card and how we're going to make the decision on where we're going to deploy them and what percentage are going to be deployed, I think we would have to evaluate that as we get more information down the road as the cards become available and as different -- as different customers of ours indicate that they want to deploy a different type of technology, I think we have to evaluate that at that time. I don't think I can -- we can answer that now.

MS. MAYS: So, will it be by CLEC input? I mean, I guess, you know, right now you're claiming that the product supports all different kinds of DSL, but in reality that's not true.

MR. BOYER: Well, it's the product itself would support that, but yes, it is limited by the technology compatible with the Litespan. So, I think as new technologies become available with the Litespan, then we certainly will do what we can to make sure that we can offer different types of technologies. If you're asking whether or not we have a process to do that today, no, we do not have that. We're in the -- we're still in the middle of developing a process to support the technologies that the Litespan does support today. I think in the future we will look at what we deploy as the technology changes, and I certainly think we would want to have CLEC input into that as time goes forward.

MS. MAYS: Actually one other question then on something that was talked about earlier. And tell me if you already addressed this, but in talking about loop-to-loop qualification process or how that's going to mesh with this RT process, you mentioned that we'll get a response

back from the loop qual to say loop too long but RT available.

MR. BOYER: That's correct.

MS. MAYS: What happens at that point? If we want to not use the RT but continue to go ahead and provision our DSL service on the straight copper loop, even if the prequal system criteria believes that the loop is too long, right now we have the ability to sort of override that. On the LSR we can put what is called an as-is code or certain spec code to override it so that we really don't get the loop too long response back. Do you know what the -- will we be able to put that order through regardless of what message we get back?

MR. BOYER: Yes, you'll still have the same capabilities you have today. So, if you want to have the loop as is whether or not it's too long or not, you'll still be able to do that if you want to put it over the copper facility.

MS. MAYS: Okay.

MR. BOYER: There's no reason -- that will not change.

MR. SIEGEL: What if the loop is not too long and there's RT available?

MR. CRUZ: That was Howard Siegel, IP Communications. Howard Siegel, IP Communications.

MR. SIEGEL: Will we still be notified that there's an RT available?

MR. BOYER: I'm not sure. I really don't know because we're still looking into the whole process obviously.

MS. MAYS: I'm sorry. What was the question? How would we know if an RT --

MR. BOYER: The question was asked if the loop length is not too long, if it's less than the requirement that would make it outside the loop length, would you still be notified if an RT was available.

MS. MAYS: Yeah.

MS. LOPEZ: This is Ann Lopez from Rhythms. I want to go back over, and I tend to disagree with the statement that you don't have a process on how you would deploy --

MR. CRUZ: Technology?

MS. LOPEZ: -- new technology. And on page 18 you have on here that the CLECs would continue to have the option to develop new plug-ins with the vendors. And part of that would be as the vendors are developing this new -- this new type of

plug-ins. My understanding is that the current process is that all of these new technologies go through your common systems to be evaluated for deployment.

MR. BOYER: Right.

MS. LOPEZ: And so I'm assuming, and you tell me if this is a wrong assumption, but I would assume that as these new cards come out from the vendors, that they would go through the existing common systems practice to go in evaluate and test them.

MR. BOYER: Yes.

MS. LOPEZ: Okay. My question then would be, as I'm getting head shaking up and down, my question would be is, if this is going through common systems, what is the time line of getting that back from common systems being evaluated? So, if I turn around and a vendor comes out with a new card and I say, oh, this is going to fit my needs perfectly, SBC, I want it, how long is it going to take for it to go over to common systems and be reevaluated for deployment?

MR. CRUZ: You know, Ann, this is Rod, and I'm not sure we have the experts in the room here that can address that. James and Marsha,

unless you guys want to take a stab at it, we have a whole group that works on technology deployment. As you know, as an organization that unfortunately we did not have the notion to invite them, bring them to the meeting. So, it's an issue that I'll take and respond to you guys in the minutes to say what's the kind of process or the time line and what input would it take from the CLECs on that, because I think it's a good issue. I mean, I think if we're asking for SBC, or actually not SBC, but the ILEC or the TELCO to own those ADLU cards, you guys have some -- you know, some interest in the process of how we would determine and deploy new technology and what those -- you know, whether we're talking about SDSL or HDSL or IDSL that's not currently supported by the Alcatel manufacturer, so --

MS. MAYS: I was just going to say there's sort of two pieces to the question. One is what Ann points out on the Slide 18 which is this overall initial the vendor comes out with something new and obviously you guys need to take a look at it and it's a good question to say how long that would take, but then there's a really specific nitty-gritty question about deciding which RTs those new cards go in and if we already have RTs that are

full with ADSL cards, what happens at that point even if perhaps they're not being fully utilized. You know, I mean, I see potential for a lot of open questions on this issue.

MR. CRUZ: So, to me the issue is that there's a process that would talk through actually identifying what technology would be deployed in the network and then, secondly, prioritization and actually what RTs would get this and how and when. Does that frame it correctly?

MS. MAYS: I think that's right.

MR. CRUZ: Okay. Like I said, let me run this by our technology deployment folks, and I can respond to the minutes on that issue.

MR. SAMSON: I mean, we won't have perfect answers on these because --

MR. CRUZ: I don't know anything about it, so I can't --

MR. SAMSON: -- we're kind of in Phase 1 and some of these questions are down the road as new cards are developed how would we handle it.

MR. BOYER: To your question about whether or not we had a process developed or not and I was saying we did not have a process, what I'm

getting at is we have not, term, developed a process yet for us to put out a different vintage of card than what exists today. So, what I think the lady on the phone was getting to is the fact if somebody wants to deploy an HDSL card, we have not developed at this point a process to determine how we would determine which RT to put that card in, whether or not we would let a CLEC do that on one-by-one basis with a customer line, whether or not we would develop some sort of forecast in conjunction with the CLEC to put enough of those cards out there to support that infrastructure. Those are the types of issues that probably we need to get answered I would think.

MR. CRUZ: Mike.

MR. ZILLIBID: Yes, Mike Zillibid (phonetic), Covad. I was wondering when it was that you did the evaluation and determined that the Alcatel Litespan was the product of choice and was it at that time that the decision was made to restrict the downstream to 1.5 and upstream to 384 and why was that -- why were those numbers arrived at?

MS. FISCHER: Our decision to use Litespan was made late last year. Was it early?

MR. KEOWN: January or February of last year.

MS. FISCHER: January or February.

UNIDENTIFIED SPEAKER: Of '99?

MS. FISCHER: '99. Go ahead.

MR. SAMSON: James would like to help with this question.

MR. KEOWN: Well, understand that we had made a decision from an economic standpoint before the merger and before all these other things happened to deploy Litespan as our DLC regardless of DSL capabilities because of some economic benefits we got from Litespan. So, we had done an evaluation actually during '98 and part of '99 and had made a company decision to deploy Litespan as a DLC product. We knew that they were also looking at expanding that product to a DSL capable Litespan unit, so we just -- it just kind of meshed right into where we were going with the technology.

MS. FISCHER: But on the cards the capability for 6 meg exists.

MR. KEOWN: As far as I know.

MR. ZILLIBID: So, why are we limited then to 1.5 downstream and 384 upstream? We may want to offer higher speeds, for instance.

UNIDENTIFIED SPEAKER: In that proposed contract language.

MR. BOYER: I was just going to say that with the SOLID system we're putting together in the profiles, we'll allow you to build a profile with whatever value can be supported by the Litespan. So, if the Litespan can support a 6 megabit downstream speed, when you build your profile we'll allow you to put an integer value in there that is consistent with that speed, so --

MR. SAMSON: I think a key point to that is, though, you know, you can put the value in but whatever performance is whatever performance you get. You know, we're not going to guarantee that because you set your profile up for 6 meg downstream that your end user will in fact realize that because, as you know, there will be inference issues or cable issues or this, that or the other. But we were just discussing, I'm not aware that we've limited it to 1.5.

UNIDENTIFIED SPEAKER: It should not be. If it's misstated in there --

MR. CRUZ: Mike, is there something in the --

MS. TAFF-RICE: Maybe I can help with

that. It's in Section 8.8 of the draft contract language that was submitted to the FCC. So, maybe that contract language is wrong. If it is, we need to find that out and find out if that's going to be changed.

MR. BOYER: At the time -- at the time that product was -- that contract language was written, like I said at the beginning of the presentation, the product has been redefined and we worked on the development of SOLID. At the time that was written, the SOLID system did not exist. So, we are working on trying to -- we decided that we wanted to make a decision to make the product more flexible for our customers, so we have developed this SOLID system to try to build in the flexibility.

My understanding is that the network management system that supports the Litespan will support up to an 8,192 kilobit downstream speed, so we will allow you using the profile on the SOLID system to develop downstream product that will offer up to that speed, as Allan had indicated, so long as it's technically feasible over the loop meaning that assuming that the Litespan card can support that level of speed and not all the technical issues are

resolved. But in terms of whatever is allowed over Litespan we will allow you to build in your profile.

MS. GENTRY: But that raises the question -- Jo Gentry, Rhythms. You've said several things today that you have changed since three weeks ago when you made your filing. When are you making an amendment to your filing? Because the way you positioned it with the FCC is please approve what I've given you and I've told you. So, obviously you've had a learning curve in the last few weeks. I would certainly think that what's on file now is totally outdated and indirectly needs to be modified for this. Would it not be better just to pull that filing and like start over or amend it immediately because right now we're not even being told the same story that we read.

MR. SAMSON: I'm not sure it's totally out of date, Jo. I wouldn't go quite that far.

MS. GENTRY: Are you going to update it or are you going to leave it?

MR. SAMSON: Given that comments are due in two days, I mean, I don't know. I won't speak for Rod. I don't know that they're -- if we need to update it or anything, I think part of this

session is to clarify questions that you may have. I don't know. It's up to you guys.

MR. BOYER: It was.

MR. SAMSON: It was what?

MR. BOYER: I planned on in this session to hopefully if there were specific questions about the contract language that was put out with the FCC, I can address those. I can take those now about what has changed. The essential change has been the issue of the speed. That's been the biggest change that we've done is tried to offer -- we built in more flexibility in the product, so that's been the most fundamental change that's happened.

MS. TAFF-RICE: Chris, could you just go over those maybe rather than having us just ask you one question at a time? Could you give us a list of the major changes?

MR. BOYER: Well, that is the major change. The major change is that there's additional flexibility built into the actual -- what speeds are capable over the Litespan equipment. I think in the contract language I think it does limit to 1.544 speed. We are no longer putting that limitation on the product itself. There have been some other

issues that have come up like, for instance, the CLEC will have to go in and build a profile. That's not even talked about in the contract language. I mean, we're going to have to make some joint decisions about how the -- like, for instance, how is the CLEC going to have access to the profile and what's the connection going to look like, where are they going to go in and build the profile, intervals need to be decided upon as far as how much time needs to be allocated for building the profile. Those types of issues need to be jointly discussed I would think in the context of developing any kind of final product language or contract language.

MS. GENTRY: But there were people this morning or earlier that talked about the integrated issue, and that obviously is a significant one to many people in the room that was not addressed in your filing. I would think that you either need to resolve it internally so that you can make your business decision if you're going to preclude them from that. That is something that is imperative to be addressed immediately.

MR. SAMSON: Well, Jo, I think that clearly a little bit of a chicken and egg here. I mean, we don't have every decision made, every

process worked out, every interval, how do you incorporate the next card, this and that, and obviously when you share with the CLECs there's going to be additional questions.

I think where we're at, the point in the process we're at is that we need to decide whether we're going to own this card or the CLECs are going to own this card, and based on that decision the work that flows from it is significantly different. And so we're kind of wanting to get enough detail to give you a flavor of this is how it would work. Obviously if the FCC were to approve that and we were to own it, this would become a UNE subject to whatever, you know, regulation that goes along with that. But, you know, we wouldn't want to gold plate with every question answered and every process developed, then go to the FCC with this, you know, massive product that says, okay, now you can't do that.

So, I think it is well thought out, Jo. I don't appreciate that. I think we've thought through several parts of this. Now we're looking for some feedback. Are we heading in the right direction or are we not. I mean, so just to set your expectations there.

MR. CRUZ: I can speak from a product perspective. That's exactly where we are in the process. I mean, we're trying to be as forthright with all the information we have in front of us. We're having this forum to share all the information we have to say here's the issue, and from a product perspective as we develop our process and design the product and then before really getting the work teams to start doing provisioning close requirements, IT, to really invest time and resources into our systems and programming, et-cetera, here's -- let me bounce off of you guys where we're at and where we're stuck and we need some help.

So, I mean, to Allan's point, we don't have finalized contract language. Things are still in flux and that's why when that stuff was filed with the FCC it was clearly labeled as a draft, as a work in progress as things were still moving, and we just needed to get some direction from them and other members of the CLEC community to provide us feedback. So, I would echo his sentiments exactly that we're at the point in the process that if we had to change the course of direction, it's going to have severe -- not severe, but significant impacts

on the work product that we're on right now.

MS. TAFF-RICE: Could I just follow up on that then?

MR. CRUZ: Sure. Name and company, please.

MS. TAFF-RICE: Anita Taff-Rice with Rhythms. One question that we have is the inclusion in the contract language of a section on spectrum management. I think a lot of people in this room are aware that spectrum management has been ordered to be dismantled by both the FCC and the Texas PUC. Can you explain to us why that language is in there and what your process is going to be for imposing that?

MR. SAMSON: Well, I disagree with your characterization. I don't know that spectrum management -- we disagree perhaps on that definition. I think SFS in some binder group management aspects have been ordered to be discontinued and SBC's complying with that. Spectrum management in terms of do you identify a PSD mask, do you inventory some of that, do you share that on loop qual request, you know, you may not characterize that as spectrum management, we may. So, just to set the record straight on that.

My understanding is that the language in there is similar to the language that is in the DSL appendix similar to the appendix that Rhythms has signed in the state of Texas, so --

MS. TAFF-RICE: Well, let me be clear with you, Allan. The reason I ask this question is that we did, Rhythms did have an earlier meeting with SBC representatives trying to understand some of the specifics of the contract language, and when we asked about this section we were told that the draft was put together fairly quickly and that in fact that may have been an inadvertent inclusion in the contract. So, I'm just trying to understand, is it going to be a spectrum management program or not and, if so, we need some details to understand what's going to be involved with that.

MR. SAMSON: The spectrum management section of the contract -- and, James, do you want to -- do you want to add a comment real fast?

MR. KEOWN: I was in there part of that call, and during that particular section of the conversation we talked SFS and BGM have been essentially done away with in our company and I think I even reiterated the fact that I was one of those that helped write the letter that says we will

no longer do SFS and BGM in Southwestern Bell. But Allan is exactly right on PSD. But even in the line-sharing order I think it still says somewhere in there that we need to have that PSD information available as that -- as those orders come through, so --

MR. SAMSON: We filed in California today and we passed out to the line-sharing participants in the trial in today's meeting the language we filed in California that has -- not PRONTO language but the line-sharing language. It has a section on spectrum management that essentially says we'll abide by national standards, the CLECs will tell us the PSD mask, we'll inventory that and we'll share it on a loop qual form. That at a high level without going into a lot of detail is sort of the essence, if you want to call it spectrum management, of what would apply here as well. Yes, Mike.

MR. ZILLIBID: One other question. This is Mike Zillback of Covad. There was some discussion earlier about the availability of copper once you place this in the network. And having done a lot of network planning and relief and so forth, one of the justifications for putting in digital

loop carrier was taking a look at the ability to reuse that existing copper to relieve all of the feeder and distribution between where you're going to place that DLC and the central office. And I'm assuming that that same kind of thought went into the areas where you're going to be deploying this. Now, what that does to me is really raise some concerns about the availability then of copper beyond that DLC to serve customers that we may want to choose to keep on copper because over a period of a year or two you're going to be using that copper to relieve rather than putting in new copper between the DLC and the central office.

MR. SAMSON: I don't know that I agree with all of that, per se. James, do you want to take a shot or -- I don't know that I even understand it enough to --

MS. FISCHER: I'm not sure it really is a question. I think it's just a statement of concern.

MR. ZILLIBID: It is. And it gets back to what James and you folks had said earlier that you -- and that you're not going to dismantle any copper, and I'm sure you're not going to dismantle any copper. But the reality of it is

you're going to reuse that copper out to the point where that DLC is to relieve customers closer into the CO which over time will leave fewer and fewer copper carriers available to serve those, say, beyond that which could be 10 kilofeet, 12 kilofeet or whatever. So, over time you're not going to have the copper pairs to feed people out there at 18 kilofeet even if we want copper pairs to serve those customers.

MR. SAMSON: I think that is a statement. I don't know that SBC -- I don't want you to think by not addressing it we agree with you. I mean, to the extent that we place regular digital carrier, forget DSL or PRONTO, I mean, the network evolves, the network changes, we deploy this, we deploy that, it all has an impact on the network whether it's this PRONTO Litespan equipment or just a slick 96 or whatever else we choose to deploy. So, I think it's something to think about, Mike, but I don't know that it's as definitive of an outcome as perhaps you might believe it is would be my response. Yes, ma'am.

MS. ESCOBEDO: Pat Escobedo, Connect South. I want to confirm something. If TELCO owns the ADLU card, are you saying that the CLEC use of

either Proposal 1 or 2 is precluded?

MR. BOYER: Well, I mean, if the TELCO owned the ADLU card there would be no reason for the CLEC to purchase their own card and have it placed, an ADLU card and have it placed. We would offer a port on an ADLU card in conjunction with our UNE product so you could purchase a port on that card.

MS. ESCOBEDO: But that doesn't quite answer my question. Are you saying that --

MR. CRUZ: We would prefer to --

MS. ESCOBEDO: -- use of Proposal 1 and 2 by the CLEC would be precluded?

MR. CRUZ: We would prefer to have Option 3 and Option 3 only. So, the answer to your question is yes.

MR. SAMSON: A CLEC can still place a DSLAM at the RT or adjacent to the RT and other options exist, right.

MR. CRUZ: That gentleman in the gray shirt's had his hand up for a while.

MR. UPTON: Bill Upton, Sprint, Broadband Local Networks. Drawing 21, please. When you get to Drawing 21 you're going to see your UNE Loop No. 1 and UNE Loop No. 2. I'm very clear on --

I think I'm very clear on what No. 1 encompasses. My question is, I'm not sure about No. 2. And there appears to be a gap between 1 and 2 which is the distance between the serving area interface where there's a 1 in parentheses and the digital loop carrier itself.

MR. BOYER: I can address that. The first UNE basically consists of all the copper facility from the RT out to the end user. The reason it's drawn this way is because the reality of it is, is that the actual copper facility from the Litespan out to the SAI is integrated into the Litespan or digital loop carrier equipment, so the point of access is going to be out at the SAI. You're not going to be able to go into the RT and physically gain access to the copper UNE at that point, so the reason it's drawn this way is just to reflect the point of access is at the SAI.

MR. UPTON: And so this is reflective of PRONTO which is your new deployments only?

MR. BOYER: Right.

MR. UPTON: And the original cover that I got for this meeting, it said PRONTO and it said Connecticut, but are you representing PRONTO across all of SBC today?

MR. BOYER: Yes.

MR. UPTON: So, I find that unacceptable. I would prefer to be able to intercept that loop at that digital loop carrier, but I understand this is the PRONTO offer.

MR. SAMSON: Let me ask a question to that. Are you talking in the event that you just wanted sub-loop distribution, where would your point of access be?

MR. UPTON: Yeah.

MR. SAMSON: Let me address that. Our sub-loop product team, you know, trying to work to develop the product in compliance with UNE Remand is looking at a couple of options and we're wrestling with that. In some cases, you know, as you read the UNE Remand order it says we're not obligated to unbundle at a place where we've got to break open a splice case. Some of the RTs that we have have protector frames and you would have to break into that frame, so there's a thought that says is that really an access point. In that scenario the natural cross-connect point is the SAI and so -- and I don't know where we'll land, but the product team is looking at, okay, perhaps we make it available at the SAI.

As you probably know, there are multiple SAIs that feed into a single RT in many cases, and so it might be more convenient from the CLEC perspective as well as SBC's perspective even though the UNE Remand doesn't require it to go ahead and break into that protector frame, pull out a 25 pair from each SAI, put in some sort of a cross-connect panel there and allow access to the sub-loop at the RT. I think what the PROJECT PRONTO product team has had to do in order to develop this is to go with what we know, and what we know is in most cases the SAI interface is the place. I'll tell you that the sub-loop team irrespective of DSL that's working on the sub-loop product hasn't fully resolved that. And so I wouldn't want you to walk away today saying that's SBC's sub-loop offering across all the states.

MR. UPTON: No, I didn't have that impression. I just want to make sure this is the PRONTO offering, and that adds clarity to it. In PRONTO these are my options.

MR. SAMSON: Right. Although, I don't know, James, that you could speak to -- to the extent that SBC and its sub-loop offering does go ahead and break that protector and put in a little

cross-connect panel there, this might need to adjust to that.

MR. CRUZ: And I can speak to that. I would envision that whatever sub-loop product offering SBC creates across the 13 states we would have to incorporate into this model later, so I think we'll at least look at that and see how it would fit and address issues like Allan has just talked about at the RT. So, I think officially today since we still have some more to do with respect to the UNE Remand sub-loop or this is what we have, you're correct. So, as of 3:45 on March 1 this is it but, you know, by -- I think the sub-loop is effective in a couple of weeks. Then obviously we have to look at that and incorporate that in the product.

MR. UPTON: Just one final comment since I've been waiting awhile. In fueling this fire over here about reducing the number of loops that are accessible out of the central office for DSL services, that's really a reflection on how SBC cuts over their digital loop carriers. If you put those in inside of that central office serving area and you're doing it only for new customers, then I think the fear of what they're talking about, you're

not diminishing the number of loops but you're not adding to them either. You're keeping it rather static. However, if you go into those old neighborhoods and you cut those old customers into those new DLCs, they have a valid concern. You've now diminished the number of loops accessible to them for DSL services out of the CO.

MR. SAMSON: Would you make that statement even if in that existing neighborhood that we cut that in we don't tear out the F1 cable?

MR. UPTON: It's not a matter of whether you tear it out or not. It's the loop on the other side of the digital loop carrier that concerns me the most, I believe. Well, yeah, it's both pieces. I'm sorry.

MR. SAMSON: It seems to me that by the deployment of the digital loop carrier, you've increased your F1 total capacity. You have the same F2. We're not changing -- I mean, that's going to ebb and flow as it would for normal demise.

MR. UPTON: That's their theory; if you cut that F2 into that new digital loop carrier, they've lost that copper access direct.

MR. SAMSON: Well, but let me -- think with me on that. If we just have a greater

supply of F1 and an order comes to us that says I need a copper pair, SBC would have the flexibility, you know, if it was an analog 8 DB loop, we might assign the F1 portion of that complete loop through the Litespan. If it's a DSL, SDSL capable, I want all copper loop, we would have that F1. So, the same F2 is out there and we actually have more flexibility to either tie it to a copper F1 or a Litespan F1. So, I still can't see how --

MR. UPTON: That actually should help them with their argue -- understand. What you just said should help them then.

MR. SAMSON: Okay.

MR. UPTON: They have the flexibility to use the loop.

UNIDENTIFIED SPEAKER: But the argument is, if the guy's already at 25 or 30 KF --

MR. UPTON: That's outside of the central office serving area.

UNIDENTIFIED SPEAKER: But you're talking about people working on copper. If you cut him to pair gain, you increase the amount of copper available for DSL inside the 17.

MR. SAMSON: Yeah. I mean, I'll admit that before this morning I didn't think a lot

about that, but it seems as I'm walking through that live with y'all it seems like it should increase, not decrease. But, you know, upon further review we might see that there's a flaw in my logic there. Howard, you had a question?

MR. CRUZ: Well, the gentleman --

MR. SAMSON: I'm sorry.

MR. CRUZ: We'll get to you in one second, Howard.

MR. SAMSON: There's someone over here actually that's been waiting forever.

MR. CRUZ: Well, let me get this gentleman.

MR. SAMSON: Okay.

MR. FAVORS: Steve Favors with Logix Communications. I want to make just one comment on that. Probably for years Southwestern long-range planning strategy has been to reduce the central office serving area to 9 kilofoot by deploying distribution areas, SAIs, anything outside that 9 kilofoot. And, you know, unless they've drastically changed their direction, I would assume that a lot of these deployments of the DLC is going to end up doing just that, working toward that ultimate plan of reducing the central office serving area size to

9 kilofoot. Everything else beyond that point would be served by digital loop carrier.

MR. SAMSON: There's a couple of things I would respond to that. Number one is that, you know, some things have happened obviously, UNE Remand and some other orders have come out that bring some obligations that perhaps we didn't have four years ago or three years ago. That's one thing I would say. The other thing is I think the FCC recognizes that we have to manage this network. And again, if you just forget PRONTO, if we were going to deploy fiber to some distribution area and do regular digital carrier, whether we were going to do that or not really isn't the discussion, I don't think. Maybe I'm wrong in what we're trying to accomplish today. You know, that fear exists, in other words, with or without PRONTO. PRONTO's a digital loop carrier device, happens to be a DSL capable device, but it's still a digital loop carrier. And so what we're saying is, as we deploy it a couple options exist. We can own the card or you can own the card. What's the debate here is, is it better that we own the card or is it better that you own the card. We're not really trying to debate through this filing the pros or cons of digital loop

carrier out in the network. And so I just want to make sure we're not trying to solve the wrong issue. The issue is card ownership.

MR. FAVORS: Well, that's where it ties in with really the question.

MR. SAMSON: I mean, James, do you want to add anything to that?

MR. FAVORS: The question I had was, is Southwestern Bell in deploying their DSL, are they going to use this same architecture that you're asking or you're proposing here? Are they going to use that same architecture to serve up their DSL customers out in the RTs?

MR. SAMSON: Well, Southwestern Bell, as you know, of course will have a data affiliate that will provide DSL, so the TELCO operations will not be providing DSL. As a fully functional data CLEC, they will be treated at parity with the rest of the CLEC community. So, yes, if we own the card they would buy these unbundled elements as you see them, they will go through SOLID, they will do the things that you all will do. To the extent that if a decision comes out that says the CLECs will have to own the cards, then ASI and AADS will have to go out and buy these cards and play by those rules.

So, yes, it would be parity either way that apple slices. We're just looking for some acknowledgment of what's the most efficient and the best way and most expedient way to do this.

MR. HUGMAN: Chris Hugman with Connect South. Couple of questions. First, has Southwestern Bell decided that it is your position that you want to own the card?

MR. CRUZ: Yes.

MR. SAMSON: Yes.

MR. HUGMAN: That's your position, okay. Secondly, from a management --

MR. CRUZ: Just, Chris, for a point of clarification, that's what we filed with the FCC for the clarity on the merger conditions.

MR. HUGMAN: Okay. So that's -- from your standpoint that's really not open for discussion any further.

MR. SAMSON: No, it is. That's what we're here about. We're recommending. You know, we've looked at what would it be if the CLECs were to own the card. And I think Chris went through a presentation that said as we went down that path, here's all these obstacles that we kind of ran into. So then we thought, you know, if we owned the

card, a lot of those go away and it gets simpler. And so we've gone forward and said there may be some concern with the merger requirements and other things, can we own this card, it's our recommendation, here's the pros and cons, and this is your opportunity to kind of say we think that is the better alternative or not.

MR. CRUZ: And, Chris, the idea is that the further merger conditions and the creation of the advanced services data affiliate, every advanced services must be obviously distributed by that affiliate and they have to own all the advanced services equipment. The ADLU card because it has, you know, it goes packetized 56K upstream or downstream bits go through there, they must own that card per the merger conditions, the --

MR. SAMSON: Arguably.

MR. CRUZ: Arguably. So, we're saying -- we're saying we just want some latitude with respect to that.

MR. HUGMAN: I just wanted to know how firm you were on that, but let me ask my next question. From a management standpoint of the card at the service, I need to do a line test. I mean, how do I get my network management systems

interfaced to your systems so that I can test the line or do a quality check or collect performance data?

MR. SAMSON: That's a great question.

MR. CRUZ: Charlie Brown punt.

MR. SAMSON: I'm excited to hear the answer.

MR. KEOWN: Me too.

MS. SMITH: Can you repeat the question?

MR. SAMSON: It was great, trust us. The question was, I believe, let me recap and you tell me if I'm right. In a world where SBC TELCO operations owns the card and installs it and we provide this broadband UNE, what network management tools are available to the CLEC to get into that UNE and test it through for customer service reasons.

MR. KEOWN: And the answer I give probably won't be as great as the question, but we are looking at test heads and test devices that we can deploy in the remote terminals that through proxy servers and web browsers will allow CLECs to be able to access and test those loops. That is still being fleshed out technologically how we'll do that and product wise what we choose to do that

with, but we recognize that as a need and recognize that as a desire and we're trying to work on how to make that work.

MR. HUGMAN: And just so -- you know, it's not just a test issue, it's a traffic measurement issue on a per-port basis and --

MR. KEOWN: QS type data?

MR. HUGMAN: Well, that's another question is UVR today, when can I get some CVR or PVC or some other level QOS? You know, and following onto that, your end points, are they ATM-based end points or are they IT-based end points? What are the number of end points? Do you have a -- let me just throw them all out here. Do you have a technical somebody that we can call and talk to or have our engineers talk to related to the Litespan 2000 to just ask some fundamental engineering questions and some resource available for us to do that?

MR. CRUZ: I think we can definitely set that up, Chris, and go through the account team negotiations perspective and provide you any information you need from our technical perspective.

MR. SAMSON: There may be some contacts at Alcatel James could make available that

you could contact directly irrespective of us. I'm sure they'd be excited to share with you the ups and downs and probably all the ups of their product. If you have really technical Alcatel-specific questions, it might be the most expedient route to get directly with them.

MR. KEOWN: Allan has the right answer, I think. Alcatel is available, so you can ask all those questions too. Obviously we didn't design the equipment. We know quite a bit about it with some of our technical folks, but some of the real detailed technical questions we don't and we have to go to Alcatel ourselves. So, I would encourage you to call the Alcatel folks. I'm sure, like Al, they'd be happy to.

MS. TAFF-RICE: James, could you just answer his question about quality of service because in the contract it says that what you'll get from PVC has an unspecified bit rate. Can you explain what that means and how is it that we're going to get any kind of guarantee, or are we not going to get guarantee?

MR. KEOWN: I don't know that I want to -- I don't know that I know enough to answer the question about guarantees, but I can tell you --

MR. BOYER: Do you want me to take that? I don't know.

MR. MURTHY: I also want to add, if I may, to that. Especially if there's a video where you need to be concerned about this at all, because video service going to provide all DSL, the question that she asked from Rhythm is more appropriate. I mean, I have no other questions on that.

MR. KEOWN: I can tell you that the Alcatel equipment gives us QS data that we can provide on your services, and of course the NavisCore, the Lucent box has QS data in it, PVCs that run through it. So, we have that data available and I guess we just work that into the product.

MR. CRUZ: I think we're on specified bit rate.

MR. KEOWN: The unspecified bit rate though is the --

MR. BOYER: The actual -- the SOLID system they're developing is under development now. It's not completely done yet. We're doing a lot of work on developing that system and we have had conversations with the SOLID -- with the team that's work -- the IT team that's working on that product

to talk about making the various reports available that are done today to measure traffic and density of the -- which is what you were getting at is the traffic and density reports that need to be pulled out of that system. So, I mean, that's stuff that we are considering. We might make, decide to make the decision to make that available to the CLEC community. Like I said, right now that product is in the middle of being developed by IT, so I really can't tell you one way or the other whether or not that's going to be made available. I mean, certainly that's -- obviously that's a recommendation of stuff that you would probably need, so we can certainly look into that.

In regards to the unspecified bit rate, we have had quite a few conversations about a constant bit rate type of service offering. At this point in time because of the -- because of the nature of the fact that this technology's being deployed now and we want to get a product deployed and available in a very short time frame, we have not fully evaluated the constant bit rate application, but it is something that we have discussed.

UNIDENTIFIED SPEAKER: And what is the limitation of -- what is the impact of just

having unspecified bit rate available?

MR. BOYER: Unspecified bit rate basically means that if you have a customer out there with a DSL type service, we're not specifying a bit rate up or down. I mean, if you go into the SOLID system, you provision a maximum upstream of 8,192, our viewpoint is that the OC-3 pipe back to the central office is so fat, if that's what you want to call it, that's a good word, that it'll support our traffic forecast so that it'll support just about anything up or downstream over that pipe, meaning that if you had just about everybody out there, everybody out there that had DSL and they were all going at 8,192, the pipe's still fat enough to support that today. So, when you go into the SOLID system and you specify your maximum downstream speed, we can't guarantee you but you should get something pretty close to that, whatever that speed is, all the time because it's packetized, as you know. You won't see all these constant streams going across there. Now, I agree there's a problem with the constant bit rate, you know, in the future as new technologies are deployed and as we see streaming video over DSL or voice over DSL, or other types of technologies deployed. I agree there's

definitely some things we need to consider in regards to CVR. But unspecified basically means that you'll get -- up or down you should get a pretty broad spectrum of speeds.

MR. MURTHY: Can I ask a question related to what he asked?

MR. CRUZ: Actually I'm going to hold you because she's had her hand in the back up for quite a while.

MR. MURTHY: Okay. Fine.

UNIDENTIFIED SPEAKER: I had various questions while that's going through. In relation to the UBR, CBR, VBR and RT options, what about multiple PVCs over the same DSL connection? Is that going to be an option that we can have on SOLID whereby we might have up to 2, 4, whatever PVCs per DSL map?

MR. BOYER: We haven't fully -- we haven't made a product, a fundamental product decision about whether or not we would offer multiple PVCs. I do think that in the future that will probably happen.

UNIDENTIFIED SPEAKER: Okay. And one very general question. When this -- when PRONTO's said and done, what percentage of SBC's loops in the

metropolitan areas will be on these new DLCs as well as existing DLCs that are out there?

MR. BOYER: I can't speak for how many of the loops will be on the new DLC. I think our objective is to make 80 percent of our serving area available for DSL services, so --

MR. SAMSON: Either through PRONTO or through existing copper loops.

MR. BOYER: Either through PRONTO or through existing copper loops. I don't know for sure how many will be on the new DLC.

UNIDENTIFIED SPEAKER: But that's not very helpful if you're going to be having these less than 18,000 kilofeet and giving us an idea because there's overlap of people that currently can get DSL technologies and also are going to be served by this, so there's --

MR. CRUZ: Why don't we take an action unless -- James, unless you know the answer.

MR. KEOWN: And maybe this will address the issue of will we have enough copper, will copper disappear and all these things. PROJECT PRONTO is, for the lack of a better phrase, and please don't -- almost have the video turned off, but for the lack of a better phrase, it's kind of an

overlay network. We're not putting it in, going to a neighborhood and cutting 600 customers over to PROJECT PRONTO. The customers that are working today on copper when we get through building PROJECT PRONTO will continue to work on copper. Allan stated earlier and he was exactly right, at least my vision of the same way, is that as a customer decides to go to a DSL, if he's out at the 18 kilofeet level or 18 kilofeet length, if he goes over to PROJECT PRONTO, then that piece of copper is still there. We haven't -- we aren't going to tear it out. It's going to be there available. So, if you have somebody that's 10 kilofeet or 15 kilofeet and you want to try to serve them over that copper loop if it's available, then we'll make it available unless I misspeaking, Allan or Rod. But the copper loop itself will be there.

UNIDENTIFIED SPEAKER: From the perspective of knowing what percentage, I mean, looking at just pure customers that we can have on the line-sharing arrangement, what percentage can we -- approximate percentage can we expect will be on DLCs versus the hosts and remotes that currently have CO-based DSLAMs?

MR. KEOWN: I think the answer is,

again, we aren't going to cut anybody over to the PROJECT PRONTO unless they buy DSL or unless there's some cases where there's --

UNIDENTIFIED SPEAKER: See, but I just -- but that's different than what we just heard. We heard you're going to proactively cut over neighborhoods to DLCs. Now I'm saying it's done on a per demand, DSL demand basis.

MR. KEOWN: I'm sorry, we either miscommunicated, but we're going to build these in neighborhood gateways so that as customers demand or desire DSL services we can roll them over to PROJECT PRONTO. They will be -- they will be neighborhood gateways, but we are not going into neighborhoods and just building these things and cutting customers over wholesale. That's not the intent of this project. So, to get a percent of how many of our lines will be there, Chris stated earlier and Allan too that we're making available to approximately 80 percent of our customer base DSL capable loops.

UNIDENTIFIED SPEAKER: Okay. Let's run through this scenario then. You deploy a Litespan 2000 as a neighborhood gateway serving three neighborhoods. First customer that is on the existing hose hasn't been thrown over yet because

you're doing it on a demand basis. First customer calls in and says I want DSL. What happens? And that loop is actually off the original host is 18,000 feet. What happens at that particular point?

MR. SAMSON: Let me jump in and help here because who are they calling? Are they calling Covad to order that or are they calling SBC's ASI?

UNIDENTIFIED SPEAKER: SBC, the data affiliate.

MR. SAMSON: The data affiliate's going to make a decision then. They're going to get their loop qual information back and they're going to specify a UNE they want to purchase. They're either going to specify an xDSL all copper loop or they're going to specify Chris Boyer or the UNEs that Chris Boyer has walked you through today. So, the TELCO is going to wait to receive a UNE order from ASI, from Covad, from any other data or integrated CLEC out there and based on what that CLEC chooses to do will determine how the TELCO assigns a pair to serve that customer.

UNIDENTIFIED SPEAKER: So, it's very perceivable that when you put that new Litespan 2000 in as a neighborhood DLE gateway or whatever it is,

that it might not serve as any POTS customers if you don't put new neighborhoods or new lines out there until that first demand comes in. Is that conceivable?

MR. SAMSON: You asked -- well, I'm not sure I fully understood. Let me answer it this way and you tell me if I missed it. You just asked a different question. What you said before was, if someone orders DSL, what happens. What you just said now is no POTS customers will ever go on there. If a customer calls up and orders just POTS, no DSL at all, James would have to speak to, we'll probably go to provision of POTS loop and if it turns out that we have digital loop carrier and we provide them over just the voice part of this, we may do that. If we serve them over all copper, we may do that if it's just strictly POTS only.

UNIDENTIFIED SPEAKER: I'm talking existing customers. You're going to put that gateway in there and I just heard that you're not going to do wholesale loop throws onto that DLCs, not proactively. So, you're going to have a new DLC sitting out there. The first -- until the first DSL demand customer comes in, unless you don't -- I mean, let's assume that you don't have any POTS

demand coming into that new neighborhood or gateway.

MR. SAMSON: Zero POTS growth, okay.

UNIDENTIFIED SPEAKER: So, is it very -- it's very conceivable until that first DSL demand comes in you're not going to throw any loops onto that new DLC. You might not have any POTS customers off that DLC.

MR. SAMSON: Given the assumptions you've stated, I think that's true. Now, what's the likelihood of zero POTS growth, probably not very good. What's the likelihood of zero DSL growth for any extended period of time, probably not very good. But if you take those as givens in your hypothetical situation, that could happen.

UNIDENTIFIED SPEAKER: But no proactive existing customers thrown onto that particular DLC unless we have DSL demand of those customers, existing customers. That's what I'm hearing. I just want to make sure it's real clear.

MR. SAMSON: Based on what we know today, that's right.

UNIDENTIFIED SPEAKER: Okay.

MR. SAMSON: Let me just do a gut check for everybody here real quick. It's 4:10, and we can go as long as we need to go. I just want to

make sure we haven't lost sight of what the issue to be decided is. Again, we're not debating and I don't think the FCC's deciding whether or not SBC can deploy digital loop carrier devices and, if they do, what cable configurations go along with that. I think the issue before the FCC is, is the CLEC going to own the card or is SBC going to own the card.

MR. CRUZ: SBC the ILEC.

MR. SAMSON: SBC the ILEC. And so, I mean, we'll be happy to talk about our digital loop carrier plans, but at the end of the day I'm not sure that's the question that the FCC is asking or that we've asked the FCC. I won't speak for what they're asking you all. So, I just want to make sure that we haven't used all our time talking digital loop carrier and sort of missed maybe the better questions that deal with card ownership and pros and cons, because one way -- I mean, I don't know what our plans are, but we're probably going to deploy digital loop carrier in some form in our network --

MR. CRUZ: Irrelevant to --

MR. SAMSON: -- irrelevant to this discussion. The issue is, should we own these cards or should you own these cards. I guess I just want

to make sure I level set there and we don't use our time inappropriately. Yes, ma'am.

MS. ESCOBEDO: Pat Escobedo, Connect South. I thought the real question was whether TELCO could own the card rather than ASI could own the card, the equipment.

MR. CRUZ: If that's -- if you expand that, then I'll not only tell you it's ASI but it's any of the other CLECs. So, it's either does the ILEC own the ADLU plug cards along with the OCD or does the CLEC, do the CLECs own those cards.

MR. SAMSON: Including ASI.

MR. CRUZ: Including ASI.

MS. ESCOBEDO: And my question would be, why can't the CLEC also own the card?

MR. CRUZ: You want to know why don't we do all the options?

MS. ESCOBEDO: Right, I meant all options.

MR. SAMSON: I don't know that there's an upside to that. I can certainly speak that there's a lot of downsides. Just from an M&P perspective there's a lot of downsides. You have to have both these processes and develop this card pile over here that this is owned by the TELCO and this

is owned by the CLEC. It seems simpler and more efficient to do it one or the other. If we can own it, then that would be the product that we roll out.

MR. CRUZ: And I can speak from a product perspective. If we have to go out and sustain, oh, maybe two or three flavors of this product, the work is more complicated. I'm not sure I'm going to get much pity from anybody if I go tell that story, but just a plain provisioning flow, service order, processing, ordering, provisioning perspective, it is just ugly. It's ugly in probably just about any way, shape or form you look at today, but it's even a little more cumbersome. So, I'll get right to you because Sharon had a question.

MS. THOMAS: Yeah, I had a question about the response that you gave previously about not proactively switching the POTS customers.

MR. CRUZ: Well, Sharon, I really don't want to -- I really want --

MS. THOMAS: Well, because I want to read something that was in this letter that SBC sent to the FCC because it seems inconsistent with that, so -- and we do have comments due on Friday and I think the issue was, is what you sent to the FCC something that we should be commenting on or are we

commenting on something completely different? I mean, in this letter you say -- you're basically trying to justify that you really don't think you need an exemption of the merger conditions because you really think these cards are not only to provide advanced services and you say, "In fact, the majority of the cards will be used to provide POTS services rather than advanced services, at least initially." And that kind of suggests that maybe there will be some proactive transition of POTS customers before they actually have ordered, you know, DSL services. And so I just wanted to see if we could get some clarification on that because we are planning to respond to this letter and we kind of need to understand.

MR. CRUZ: Great. James, do you want to take a crack at that?

MR. KEOWN: If we're in a neighborhood, if we're in a situation where we have deployed one of these DLCs -- and again, I stated that we started looking at DLCs years ago, but we started looking at the DLC, this particular product '98 through '99, first part of '99. If we're in a neighborhood where we have exhausted our copper capacity, then the next growth vehicle is going to

be the DLC. So, we will grow lines in the DLC if that's the case. If we still have copper facilities or some other facilities to serve the customer, our provisioning system will grab a pair and assign a customer for growth, but not just a wholesale go out and cut some existing customer over to the existing DLC. That's not -- those aren't the plans.

MR. SAMSON: There's no benefit to doing -- I mean, you incur expense and work to do that and what would be the benefit? If they're working where they are, then we'd leave them where they are.

MR. KEOWN: You have to buy a POTS card, you have to go out and cut them over, you have to do a lot of things that just absolutely is a waste of our resources to do it. So, if it exists as an existing customer, we aren't going to go over and cut them over.

MR. CRUZ: Sharon, is that clear? Does that help you?

MS. THOMAS: Well, yeah, I think it's helpful. But the other concern I had, I think we've been talking about these cards, and this sort of gets to the question of who should own them, the concerns about the technology and whether they'll

support other types of DSL. And I guess another concern would be I assume these cards as I understand it have to be compatible with the equipment that's at the end user location. And so if let's say we're not using Alcatel at the end user location, I don't know if it has to be exactly the same, but whatever the, you know, whatever kind of signal it's sending, even as Alcatel develops the technology to serve different types of DSL, is somebody -- say they have a whole inventory of CPE that doesn't match Alcatel, what happens then? They just don't -- it doesn't work. And, I mean, I guess that leads to the possibility that maybe you need to let the CLECs have their own cards. But then I'm curious, do the RTs, are the racks in the RTs only -- do they only fit the Alcatel cards?

MS. FISCHER: Yes.

MR. KEOWN: Yes.

MR. CRUZ: And I'm -- and, Sharon, I'm not sure that I agree that the cards have to be compatible with the CPE equipment. James, is that consistent with what you know?

MR. KEOWN: Well, the chips have to match.

MR. CRUZ: But, I mean, you can have

different manufacturers and different --

MR. KEOWN: Yes, absolutely.

MR. CRUZ: -- as long as they're talking the same language.

MS. SMITH: Actually could you repeat that point right there? I didn't quite hear. I'm not hearing her question at all. I'm only trying to get part of it here.

MR. CRUZ: The question was, was there -- is there any compatibility issue with the cards at the RT and the CPE equipment as far as them having to be made by the same manufacturer, are there some constraints with respect to that. Does that characterize the question correctly?

MS. THOMAS: Even if not necessarily made by the same manufacturer but, you know, whatever the compatibility --

MR. CRUZ: Yeah, just compatibility concerns. And I think once again I'm kind of out of my realm of expertise, but it's my understanding that that's not the case, that as long as the chips can talk and communicate and they're compatible, then that's really the issue, so --

MR. KEOWN: It really is.

MR. CRUZ: I don't think that would

be a limiting factor. William, is that right? You've had your hand up for a little bit.

MR. WEINER: Ken.

MR. CRUZ: Ken. I'm sorry.

MR. WEINER: From Birch. With respect to the CLEC owning the cards, one argument for why that might make sense is that that seems to me to be analogous to the virtual collocation option at least that's available in Texas where a CLEC -- I don't need to tell you what virtual collocation is, but where CLECs can do that, that to be able to -- so the CLEC can choose the equipment so long as it meets net one or whatever and then it provides the services that that CLEC wants to use; it works with the integrated access devices or the routers that the customer wants to use.

MR. CRUZ: Ken, I don't think there's any question whether you guys can or -- I think once again it's digging a little deeper past that and getting more into the operational issues, the pros and cons. To me some of the concerns that I would have, you know, speak to market, ease of doing business, operational issues, system constraints, et-cetera, you know, that would drive some of those decisions. So, no one's arguing here that the CLECs

don't have a right to own that card. I think it's just up for debate. So, I guess that's kind of where I'm at. Yes, sir.

MR. WEINER: I thought you said we should talk about that subject. I'm sorry.

MR. CRUZ: No, no, we should, and I'm glad you were bringing it up. But once again, I think no one's debating whether you can or can't. It's really how should we do this together and maybe create a path forward. Yes, sir.

UNIDENTIFIED SPEAKER: Will I be able to buy those cards from Alcatel under your purchase agreement with them?

MR. KEOWN: No.

MR. CRUZ: I'm looking around just to have a sanity check. I think the answer to that question is no. You would have to go out and negotiate your own terms and conditions for the cards and --

MR. SAMSON: But I think that could highlight an advantage. If SBC were to own the card if the FCC were to allow that, we could buy all those cards, unbundle it at a UNE rate and we would be able to purchase the mass volumes and perhaps arguably get a discount. And so that might be an

upside to SBC ownership of the card.

MR. CRUZ: So, there's economies of scales that -- I think that's fundamentally one of the arguments, one of the components we should look at is --

MR. BOYER: The fundamental issue that we've come up with in the product development cycle anyway is the fact that if the CLEC purchased the card, that's exactly what you're getting at, you would have to purchase an inventory of those cards. And for the telephone company to be able to tie in our copper facilities with that card would require us to somehow have your inventory of cards integrated in our inventory systems to assign, physically assign the copper pairs to those cards. But as of today we do not maintain an inventory of our customers' equipment obviously. So, for us to tie in those copper pairs with cards that belong to another entity is from an inventory perspective and an OSS perspective of maintaining a database that has all those cards, it's just not something that we could come to a conclusion on, could not determine that.

MR. SAMSON: You have the added complication, you know, just talk about number of

central offices and having enough splitters available in each central office. There's dozens of these RTs for every CO, and so now if you buy -- if the CLEC were to buy the card, you now have to start doing your forecasting at an RT by RT and make sure you have X number of cards in this RT and X number and if you're wrong and you have more customer demand out of this serving area than that serving area, you've got this capacity over here but in this serving area you're short, and all those kinds of issues we believe somewhat go away if SBC were to own the card and just unbundle it as a UNE and then we'll deploy them in all the RTs. And that, you know, I think speaks to a real benefit we would see at the RT location for card ownership.

MR. CRUZ: You've had a question for some time. I'll get to you, Ann, and the gentleman up front in a second. Yes, ma'am.

MS. McCALL: I understand that -- Cindy McCall, MCI Worldcom. I understand that your preference is to own both the cards and the OCD, and you've covered the pros and the cons, the options for the cards, but you really haven't spoken to the OCD.

MR. CRUZ: Do you have any

specific --

MS. McCALL: Pros and the cons.

MR. CRUZ: Do you have any specific questions or, I mean, do we need to --

MR. BOYER: The OCD, technically speaking we have to have a device that performs the function of the OCD in order to route your traffic to wherever you're picking it up at your ATM cloud. There is really no alternative to routing the traffic. The options that we had considered in the past for that was either -- either the telephone company will own the OCD or we will actually lease the OCD from another provider. So, the technology itself will belong to the -- we haven't focused too much on that issue because we're not really asking for --

MR. SAMSON: Can I speak to that maybe just to make that real clear. If you look in the picture where you have that OC-3c with data, if you had 8 interested CLECs at that RT location, it's -- any one CLEC is not going to need an OC-3c worth of bandwidth, and so -- and in fact I think if we required that, you know, it would be viewed that, hey, the cost of that for the few customers we have would far exceed any practical application. So,

having one OC-3c from the RT back to the CO and letting all data CLECs jump on that is the most efficient and cost effective. What that means then is that the central office, the TELCO unbundling this has to then sort that out.

So, if you think of the OCD as sort of a demultiplexer for packet, if you will, to sort these all out, if we didn't own it the only alternative would be let's say Covad owned it and we would have to go to Covad and lease that. Well, then all of Covad's competitors would be paying us for a UNE which the underlying cost input is their competitors' equipment that they're leasing to us at a profit or ASI or someone else. And so practically speaking, the biggest pro or con is we just couldn't figure out any other way to do it other than us owning it, you know, if that makes sense, that explanation makes sense.

MR. CRUZ: Does that clear it up a little bit for you?

MS. McCALL: Yes. I just wanted to cover it.

MR. CRUZ: That's a good -- I'm glad you brought it up because we really have kind of glossed over that. Ann, you had a question.

MS. LOPEZ: I'll defer to --

UNIDENTIFIED SPEAKER: I just wonder when you plan to establish prices for the different elements and how.

MR. SAMSON: It probably will follow the decision to let us do it.

MR. CRUZ: I think we have cost -- we've launched some cost studies and some work and obviously with all the work going on in the industry that we've got to -- we have obligations to do, we've kind of put the emergency brake on that for a second until we get an outcome and a readout of where this is going to land because obviously we really can't afford to be doing duplicative work. So, I think as soon as we get a feel for what the response to our clarification will be, then we can move forward. I don't know, I mean, if -- I'm not even sure. To be honest, frankly honest, brutally honest, I'm not even sure what the procedural schedules. I know comments are due back to the FCC Friday, and then I think replies are due on the 10th and I haven't heard when there's going to be an official opinion made.

So, having said all that, we're still going to press on, do some things working off those

assumptions. However, I can't commit to you to say by date X all this, you know, we'll have costs and we'll have contract language we'll negotiate from, et-cetera, just because of the uncertainty of where we're at today. We're kind of at a crucial decision point at this time.

UNIDENTIFIED SPEAKER: In order for a CLEC to take this element though, they would have to negotiate new contract language?

MR. CRUZ: Yes.

MR. SAMSON: Yeah.

MR. CRUZ: There will be a whole appendix addressed to this broadband UNE.

MS. LOPEZ: I want my question back then.

MR. SAMSON: You're going to spend your chip now.

MR. MURTHY: Coming back to the focus, I'd like the focus to be brought back to what the real discussion is about. The discussion is whether the RTs owned by you or RTs completely owned by the CLEC, whichever CLEC chooses.

MR. SAMSON: No, the card, just the card. The Litespan in any event will be owned by SBC.

MR. MURTHY: Yeah, I know, but --
MR. SAMSON: The card.
MR. MURTHY: You could have one card.
MR. CRUZ: And the RT's owned by the TELCO --
MR. MURTHY: Exactly.
MR. CRUZ: -- and the shelves are owned by the TELCO and the --
MR. MURTHY: Exactly. It means that, you know, the CLEC is big enough to say we could have the whole RT, our own RT in order to have our OC-3 coming into your central office, okay, no problem, or you have the RT with the cards owned by you and we only rent the, you know, ability to use it.
MR. CRUZ: You buy a port.
MR. MURTHY: Yeah, buy a port, lease, effectively lease.
MR. CRUZ: At the UNE rate.
MR. MURTHY: Yeah, that's what it is. You know, I understand the servicing, all of the issues totally. Is there anything in between? You looked at holding the whole RT, a big enough CLEC comes to you and say, guess what, we don't want to bother with one or two cards. There's a minimum

that we can buy which will make your service order process easy enough. Is it meaningful? I know it's your calculate which is better or not. There may be some CLECs who want to say, especially the bigger CLECs in between, you know, just trying to think in terms of extremes. It's either you own it or we own it or you have your own RT, whatever you want to have.

MR. CRUZ: So, let me understand this correctly. You're suggesting that we may have a CLEC interest in somebody coming and saying we don't want to just place one card, we want to have --

MR. MURTHY: Yeah, big enough, good enough number so that your service order processing, it's still going to be small so you're going to have enough work to process in one shot. Just a question. You know, there's no answer required right away. You can think of. That's one of the options like in between rather than saying yes or no.

MR. SAMSON: My favorite questions are questions that don't require an answer, so thank you.

MR. MURTHY: That's okay.

MR. CRUZ: So, would you have a sense

for what volume we would use this criteria to say --

MR. MURTHY: I have to know how many ADLUs are in an RT. That gives an idea. I don't know. And I don't remember the Litespan 2000 or 2012 capabilities, then I would know if it's the break even or 50 percent or 60 percent, 70 percent.

MR. SAMSON: Yes, Howard, you have a follow-up?

MR. SIEGEL: The flip side to that issue is I would be very concerned if I was a DLEC that because of space exhaust I couldn't get a customer served because someone else was reserving space.

MR. CRUZ: That's the crux of the matter. I mean, it would be a tough balancing act because that's my next question is, so, is it five cards, is it ten, is it 15, you know, that number can vary and then you run that forecasting over capacity space exhaustion issue which is obviously a slippery slope for all of us, so --

MR. SAMSON: Any other questions? Oh, Ann is wanting to spend her chip. Ann, do you need some more coffee because we've got some.

MS. LOPEZ: I have three cups down here.

MR. SAMSON: Okay.

MS. LOPEZ: I want to go back to your question. You said that you were going to only place this scenario if allowed to in a growth-type scenario. So, you're not going to go and take stuff out and replace it with this -- this setup, okay, where you're not going to run the DLC out. You're not going to take away any existing copper; you're going to place new copper and utilize this DSL equipment.

My question would be is that I've already got DSLAM equipment in my cage and I'm setting up with SBC to do line sharing. We go out and we turn around and do a loop qual and it comes back and it says there's no F1 facilities, however, there's RT available. My question would be, since there's RT available, would SBC be taking a POTS line off of an F1 loop to open that up for the line-share product and move it onto the PRONTO project?

MR. SAMSON: Let me, James, answer that from a contract perspective, and then I'll punt to you if I'm wrong. It sounds like what you're saying is since you already have your DSLAM and you'd rather just use it, would I do basically a line station transfer, move someone off an F1 copper

that's just a POTS only customer to my Litespan over here and then have that F1 available to give you for a DSL. And in the contract language and, gosh, I think this is really right, but from the arbitration in Texas and we've now expanded that to 13 states, the contract language says that in scenarios where we deny for digital loop carrier there's a couple of things we have to do, and one of those is a line-station transfer or trying to free up a copper pair.

So, that's a long way of saying yes. We would do an LST. That's what I view this to be basically is an LST to a digital loop carrier, happens to be a PRONTO digital loop carrier, to free up a copper pair if that's an option that's available to us.

MR. CRUZ: Folks, I really kind of want to focus back again on the card ownership OCD issues because I think we're going to run out of time here shortly. Yes.

MS. TAFF-RICE: I have an OCD question. How's that? The OCD is an ATM switch; is that right?

MR. SAMSON: James?

MR. KEOWN: It is. Yes.

MS. TAFF-RICE: Okay. And that's a Lucent product?

MR. KEOWN: Lucent product.

MR. CRUZ: CBX?

MR. KEOWN: CBX-500 or GX-550.

MS. TAFF-RICE: Okay. I have two questions for you on that. You mentioned earlier when the evaluation was done to choose other parts of the equipment, specifically the Alcatel product. Can you tell me when the evaluation was done to choose this Lucent piece of equipment?

MR. KEOWN: Late last year as best we can remember. That was kind of outside our scope.

MS. TAFF-RICE: Late '99 you mean?

MR. KEOWN: Yes, that was kind of outside our scope. I'm sorry?

MS. TAFF-RICE: Late '99?

MR. KEOWN: Yes. That was kind of outside of our scope at the time we were doing this.

MS. TAFF-RICE: And do you know what the back plane speed is of the OCD?

MR. KEOWN: Not right off.

MR. SAMSON: Fast.

MR. KEOWN: Extremely, fairly fast.

MS. TAFF-RICE: I mean a gigabit,

megabit?

MR. KEOWN: Lucent has some -- I've gotten most of my information off Lucent's web site. If so, you can go to that web site and get all their specifications.

MS. TAFF-RICE: And one last question. This actually comes from the investor briefing that SBC has done. There was some discussion that there would be an investment of $1.75 million per CO to institute this new network topology. Could you tell me how much of that goes to the OCD placement?

MR. SAMSON: She must be one of those new Schwab investors.

MS. FISCHER: The E-trade.

MR. SAMSON: The E-trade, right.

MR. KEOWN: We can give you that information, but I don't know that right off the top of my head.

MS. TAFF-RICE: I'd be interested if somebody could supply that.

MR. BOYER: It depends on the configuration of the switch. It's an ATM switch, so it basically has 16 slots in the switch. So, depending upon the cost of the cards that are placed

in those slots, it could vary.

MS. TAFF-RICE: Do you have a range?

MR. BOYER: I don't off the top of my head, no.

MR. CRUZ: James will follow up with that. Yes, sir.

UNIDENTIFIED SPEAKER: I have a question for your ownership issue. Is ASC able to purchase the cards under the Southwestern Bell agreement without ASI, the data --

MR. SAMSON: I think the answer is that if the FCC allows us to own the cards -- of course they wouldn't because it would be an SBC -- if the FCC says, no, the CLECs need to buy the card, then all the cards that would be purchased would be purchased by ASI, so it --

UNIDENTIFIED SPEAKER: Under your agreement, under your negotiated deal with Alcatel?

MR. SAMSON: Well, I'm not sure, James, if that agreement's with the SBC corporation or if that's with the Pacific Bell, SWBT, Ameritech actual TELCO companies. I'm not sure how that works.

MR. KEOWN: I'm not so sure either.

UNIDENTIFIED SPEAKER: Well, I mean,

that's -- obviously, I mean, functionally I think I'd like to own the cards, but I can imagine going to Alcatel saying, and they know I have to buy their cards, so all of a sudden their list price goes through the roof and, you know, I mean, come on. And so, you know.

MR. SAMSON: Well, I guess what's kind of the -- one SBC entity or the other will buy all of them. Either the ILECs will because the FCC will allow us or ASI will, so the volume of cards that were bought and the discount that goes with that volume or doesn't go, depending on how Alcatel negotiates that, would either be all ASIs or the ILECs. When you say will it be bought under ours, I mean, that's where I'm -- whatever the price that's negotiated, it's going to be negotiated by one entity or the other.

UNIDENTIFIED SPEAKER: Well, you structure a deal where you pay so much for a shelf and so much for control and so much for card and so much for --

MR. SAMSON: Okay. That's as much as I know.

MR. KEOWN: I don't know that to be --

MR. SAMSON: But it's a great card question. We appreciate you asking it.

MR. CRUZ: Yes.

MS. McCALL: On page 26 where you make statements regarding the -- again, Cindy McCall, MCI Worldcom -- where you talk about the end user service order and the loop qualification, at this point are those suggested processes or are those processes that you've already decided upon?

MR. BOYER: Those processes were put together based upon the assumption that the telephone company would own the card. Assuming that that does not change, these are the processes that we are going to go with. I don't know of any other way to simplify the process any further than it already is, to be quite honest with you, unless if -- obviously we would be open to suggestions in that area, but I don't see any other way to simplify it. It's one service order for the customer's loop.

MS. McCALL: Is this the forum in which we can make suggestions on that?

MR. BOYER: Sure, be more than welcome to.

MR. CRUZ: Well, and also the gentleman that was -- was it William?

MS. McCALL: Yes.
MR. CRUZ: He committed to maybe writing a proposal, making another proposal with the card ownership issue that he could e-mail to us and we would distribute to the audience.
MS. McCALL: It was a Proposal No. 4, but it wasn't necessarily involving card ownership issue.
MR. CRUZ: I'm sorry. I assumed it was going to be ownership issue that he was proposing.
MS. McCALL: In a roundabout way.
MR. CRUZ: Okay. Maybe if you want to give us feedback on this process, on the ordering process as well, we'd be happy to entertain that and share with the group as well just for the sake of time if that's okay with you.
MS. McCALL: Okay.
MR. CRUZ: Yes.
UNIDENTIFIED SPEAKER: Quickly, under that proposed service order, procedure or flow and assuming that SBC would own that card, what do you think the approximate provisioning lead time would be?
MR. CRUZ: I think it's -- were you

going to say it's the same as DSL?

MR. BOYER: It's the same as DSL.

MR. CRUZ: It's my understanding it's going to be the same as the DSL provision intervals that we have in place today.

UNIDENTIFIED SPEAKER: Which is?

MR. CRUZ: The question was, under the assumption that the TELCO owns the ADLU card on Slide 26, what would be the provisioning interval for this product, and the response was it would be the same as the DSL provisioning interval that we've negotiated.

UNIDENTIFIED SPEAKER: Thank you.

MR. CRUZ: You're welcome.

MR. SAMSON: And your question was what were those intervals?

UNIDENTIFIED SPEAKER: Yeah, what is the interval, seven days, five days?

MR. SAMSON: This is going to give you a contract answer. Whatever your contract says it is. Our general offering is I think five for loops that do not require conditioning and ten for loops that do require conditioning, but various people have various contracts that may say different things. So, ultimately your contract will control,

but that would be SBC's offer if you took our generic, for instance.

MR. CRUZ: Anita, Rhythms.

MS. TAFF-RICE: I have a question on loop qualification. I'm trying to understand how this proposal fits with other requirements that exist out there. And as an example, I think it's correct that SWBT made a commitment to the Texas PUC not to require loop qualification for loops of 12K or less. So, when this says that loop qual will be required, how do those two things fit together?

MR. SAMSON: Well, if you were to order a regular xDSL loop which is -- when that commitment was made, it was in regards to regular copper xDSL loop under 12,000. If your order comes in with a USOC for that loop product, loop qual would not be required. To the extent that your order came in and you didn't have an xDSL USOC but you had Chris' UNE No. 2 and UNE No. 3 up here, then I don't know that we flushed that out exactly but we'd have to identify that that in fact existed there before that UNE could be processed.

So, for sure, the best way to answer your question is we're going to honor the commitment we made to the Texas commission. To the extent that

you're ordering xDSL loops under 12,000 and you don't want us to do a loop qual, we will provision that. I think what the document you have there regarding this says, to the extent that you're ordering this, then you would want to do a loop qual or either you're going to have to do it or we're going to have to do it to identify that that in fact is a loop that is served by PRONTO versus a loop that isn't.

MR. BOYER: Well, and I'd like just to elaborate on that a little bit.

MR. SAMSON: Yeah, please do.

MR. BOYER: The bottom line issue is that the loop is not less than 12,000 feet. The loop is still served out of the existing facilities as they are today, so the assumption is that all these loops are greater than 12,000 feet. And then at the point in time when you initiate your loop qual, that is when you'll find out that your loop is not DSL capable because the loop length is too long and then you would -- we will physically move it in the SAI box to be served out of the DLC infrastructure. So, at that point in time the loop length gets shortened. But before it's physically moved by processing the service order, the loop

length is not less than 12,000 feet. It's always going to be greater. It might be anywhere from 12 to 18, but it's going to be greater than 12 though. If you follow -- sounds like -- looks like you're -- do you follow what I'm getting at?

MS. TAFF-RICE: Well, I'm just trying to understand. It almost sounds to me that what you're describing is that if you provide -- or if I want to order a regular xDSL loop which is what existed prior to this topology, the rules from Texas and other places apply; but if what I want to do is order a DSL loop that's, for example, part of a line-sharing arrangement, it's going to fall under this new topology and you're -- I'm not clear on this. Are you saying that the rules that existed prior to that don't apply?

MR. BOYER: No, no, no, it falls -- it's exactly the same as it is today for DSL. The way that we envision the order flow is that you would issue service order for a DSL capable loop and when you -- in order for you to do that, you could issue an order for something that was less than 12,000 feet, whatever the loop length might be, but we're not technically capable of deploying DSL under something that's greater than 18,000 feet without

physically moving it into this infrastructure. So, before you actually order a DSL service for that customer's loop, it's not served out of this infrastructure. It's served out of the existing infrastructure as it stands today. Once that order's initiated, that's when we move it into this infrastructure.

So, if I understand you correctly, when you're saying that you're not required to do a loop qualification for a loop that's less than 12,000 feet, in this instance nothing's less than 12,000 feet. It's all under existing infrastructure. We're only deploying this in situations in which the loop length is greater than 12,000 feet, so it's always going to be greater until it's physically moved to something that's -- it's physically moved to the DLC equipment to effectively shorten the length.

MS. TAFF-RICE: So, this guy's question earlier about was the use of RT a possible mechanism to help you ensure a design that everything would be 9,000 feet or less from the CO, it's just incorrect?

MR. BOYER: Well, I can't answer whether or not we're planning on everything being

9,000 feet or less. I mean, the idea behind PROJECT PRONTO is that we would make 80 percent of our serving customers be DSL capable. So, 80 percent of our network we would be capable of providing DSL, so all of the CLECs and anybody out there could provide DSL to these individuals. I can't say whether they were trying to do everything 9,000 feet or less.

MR. SIEGEL: But if this is only going to be used for 12,000 or greater, I don't understand how the two answers --

MR. KEOWN: Let me see if I can help you for a second. What I think I heard over here was the intent is to make the copper, wherever that copper starts and stops, less than 12, 9, whatever the number is, kilofeet, not that it starts at the central office --

MR. SIEGEL: Right.

MR. KEOWN: -- and just goes out 9 kilofeet, but wherever the copper starts and stops is going to be less than 12 kilofeet. So, that might be 2 miles, 15, 20 miles down the road where we plant an RT. But the copper extending from that RT will be within that 10 to 12 kilofeet range. It's not that we're going to shorten everything back to --

MR. SAMSON: Yeah, we're not building new COs to be within 9,000 feet of every customer. Yes, Howard.

MR. SIEGEL: With all the new deployment that's going in, to what extent are you-all doubling up benefits and tracking loop information and building databases so that mechanized loop qualification will be something more realizing?

MR. CRUZ: Howard, let me get to that question. I just want to make sure that -- we're thinning out here and we're almost running out of time, so are there any outstanding ownership issue questions that we can answer to the crowd? I'm not trying to not address your question. I just want to bring some focus back into the discussion. Yes, ma'am.

UNIDENTIFIED SPEAKER: Yes, could you elaborate a little bit on the customer information form, what kind of information will be required on that, what kind of treatment will that form get, whether others will have access to it.

MR. BOYER: It's basically --

UNIDENTIFIED SPEAKER: Any of those issues?

MR. CRUZ: Well, once again, any more ownership questions?

UNIDENTIFIED SPEAKER: Oh, I'm sorry, I'm sorry.

MR. CRUZ: And if there are no more, then I want to go back to Howard and then I'll go back to your question because I don't want to -- I just don't want to gloss over this kind of the ownership issues. It sounds like we've answered all of the -- all the burning thoughts. Howard, I'm sorry, we'll go back to your question again.

MR. SIEGEL: I just want to know to what extent you're putting these in, you're -- you have information regard to loops and deciding where you're putting these things and our database is being built at the same time that's going to help mechanize the loop qualification process. Is there -- maybe I'm making a wrong assumption, but I would have thought that in doing one, you're getting the information that you could do the other.

MR. CRUZ: I don't know.

MR. SAMSON: Conceptually when you place an RT you're not building a whole new loop, you're building an F1. I don't know that it triggers an L fax record creation or something along

those lines. James, do you have any idea on that?

MR. KEOWN: Let me see if I understand the question before I try to tackle it. Are we building databases to reduce loop qual or just to --

MR. SIEGEL: To help mechanize.

MR. KEOWN: To help mechanize? Well, to some extent loop qual's already mechanized I think, and I'm a little confused by the question. We do a lot of manual loop qual between the -- in the yellow zone because that's the only one we can actually take a look at.

MR. CRUZ: I think we're working on planning record system issues, Howard, to do loop qual that I'm not sure fall in the scope of this, so I guess I'm not understanding your full question. I mean, are you saying that -- go ahead.

MR. SIEGEL: No, I just would have thought that there's a warehouse of information that you-all are working with that maybe it's information that could be part of the prequal, maybe -- maybe we need another color code. You have red, yellow, green. Maybe there needs to be something that says, you know, something between green and yellow that says it's green if you choose PRONTO so that

automatically you could skip the qualification process because you know you are within X kilofeet of the RT.

MR. BOYER: The issue with that, we talked about those issues in developing the product and the problem was that we don't -- the loops are not physically in PRONTO until it's identified that we want to shorten the loop length. We won't shorten the loop length until somebody wants to order DSL obviously. So, that's when we move it into PRONTO. So, the way it was going to work was is that you would initiate a loop qualification on a regular customer line either by the telephone number or by the customer's address, and the loop qual would come back red because the loop number's going to be too long. At that point in time, that's when you'll be notified of the fact that there is an RT available to have that customer's loop moved into that RT that effectively shortened the loop length.

MR. SIEGEL: Then what if someone wants to change data providers after they've been put on one of these RTs?

MR. BOYER: We'll have to maintain a database somewhere to keep track of the fact they've been moved to the RT obviously.

MS. MAYS: This is Christine and I just have a follow-up question. And I can't hear Howard very well, so I apologize if it's already been covered. But what I'm hearing is, I mean, you've got this effort underway pursuant to the plan of record to mechanize and put all the loop qualification processes in the preorder phase before we submit an LSR. So, is the theory that we're going to be able to prequal an end user address or a TN and the information's going to come back in real time to say this loop is 19 kilofeet or this loop is 17 kilofeet of RT, whatever you're going to call it, RT UNE available. Is that the plan?

MR. BOYER: No, the plan is that you will do a loop qualification, I guess would be a preorder loop qualification.

MS. MAYS: See, no, stop right there actually. Those are two different things today, and that's my question. Under the plan of record those two things are going to get melded. You're going to have a loop qualification piece which today is not preordered and that during the ordering process becomes a preorder process.

MR. BOYER: Right.

MS. MAYS: So, is that -- okay. So

then continue.

MR. BOYER: That would be consistent with what we're doing. And what our plan was is that because the loop is not physically served out of a remote terminal, when you do that loop qualification you are not going to get the fact that this is 17,000 feet of the loop served out of this remote terminal. You're going to get back the loop characteristics of the loop as it exists today which is going to be greater if it's not going to be served out of the DLC.

MS. MAYS: I guess I earlier heard you and in my notes I wrote loop qual, do preorder loop qual, will tell you loop is too long but RT available.

MR. BOYER: That's exactly what it will do.

MS. MAYS: So, that happens on the preordering; before we submit an LSR that happens?

MR. BOYER: That's the triggering event that tells you you need to order the PRONTO unbundled element; otherwise, you could order an existing DSL capable loop or line-shared loop.

MS. MAYS: Okay. So, maybe the answer to my original question was yes.

MR. BOYER: Yes.

MS. MAYS: Under the stuff that's going on with the POR, to kind of put all this stuff into preorder, one of the new fields we're going to get is RT available.

MR. BOYER: That's correct. When it comes back red, you will get a field that will tell you if it's RT available. That's what they're working on.

MS. MAYS: Although you're not -- I mean, again, under the POR you're kind of -- maybe you'll still do a regular green but you're also going to give us all the loop qual characteristics.

MR. BOYER: I can't speak to that. I can only speak to how we're going to identify whether it's served out of the RT for PRONTO.

MS. MAYS: Because I guess hopefully you understand my question and concern is that we're not going to have to do two loop quals.

MR. BOYER: No.

MS. MAYS: Or two preorder checks. I mean, everything is going to come back as one package.

MR. BOYER: My understanding is that you will do one loop qualification on that

customer's loop and you will be alerted of your options at that time.

MS. MAYS: Okay.

MR. CRUZ: Well, I see people falling asleep. Oh, there was one more question. Sharon.

MS. THOMAS: I just have a procedural question. Are we going to be able to get the transcript and/or the videotape and, if so, how?

MR. CRUZ: Well, here's the deal. I think -- did we hire the court reporter?

MR. BOYER: Yes.

MR. CRUZ: I think we'll make the record available to you. As far as the video, it's my understanding Rhythms set this up, so I think you may have to contact them and see if they want -- I'm sure they want a -- they'll sell you a copy.

MS. TAFF-RICE: May I address that?

MR. CRUZ: Sure, please do.

MS. TAFF-RICE: Rhythms did arrange for the audio visual company to come in today, but it's an independent company, has nothing to do with Rhythms. This man right here, his name is Billy and it's his company and if you will just let him know or if you have problems come through me, but you could just buy a copy directly from him. It's got

nothing to do with Rhythms selling the tapes or anything.

MR. CRUZ: Yesterday your attorney made it clear to me that they would contact you and they would sell them, so they even said talk about a markup, so --

MS. THOMAS: How will we get the transcripts if we just want the transcripts?

MR. CRUZ: I'm sure we're going to make it available via e-mail to you guys.

MS. THOMAS: Okay. So, everybody that responded --

MR. CRUZ: Right.

MS. THOMAS: -- that they were coming.

MR. CRUZ: It's kind of critical that you guys signed in on the sheet and that, you know, you've replied via e-mail to Chris Boyer. So, if you guys want things electronically we can get those. Because I'm afraid on the sign-in sheet we only put name and company, so therefore if you want to communicate with us via e-mail, once again, please go to the accessible letter. There's an e-mail address on the bottom that will fire up communication between the two parties. Yes.

UNIDENTIFIED SPEAKER: Do you have an estimate of when the transcript will be available? We've gone through a lot of information here and our comments are due on Friday, so I'm sure we're all going to be looking to this transcript.

MR. CRUZ: She smiled. She has a notion to smile after that request. Well, sounds like we need to get it maybe by how about noon tomorrow? Is that too late?

MS. THOMAS: Well, let's ask this question. Will SBC oppose a request that we extend the time period to reply to the FCC by a couple days if we wanted to make that request? Because, I mean, there was a lot of information covered here today and a lot of it is, you know, elaborates on the letter. And, I mean, the main issue for me which I really don't think anybody understood from that letter and the description and the diagram that was with that letter about this voice data integrated service provider issue, so --

MS. TAFF-RICE: Yeah, I think Rhythms would second that request that it's going to be hard to assimilate what we've learned here today in time to get comments in by 5:00 p.m. East Coast time.

MR. CRUZ: I can't commit to that at

this time. I'll have to probably round up our legal folks, and, Marsha, I'm not sure you would disagree that I'm not sure we would support delaying this just because we've got so much work hinging on this decision. And unfortunately, maybe I'm compressing time, but it's just sort of the environment that we're in as far as being able to change it. I'm not sure that I can commit to that right now. I can definitely look into it, but I'm afraid, I mean, the answer's probably no, but let me look into it.

Once again, we'll distribute that in the minutes. And the minutes will go out, you know, probably to try to rehash at least some of the actions I took, some of the I committed to you folks in the meeting today to go out, you know, as soon as possible. But, you know, it sounds like the transcript might be a full day from today. And like I said, then we've got comments due by 5:00 o'clock on Friday the 3rd with the FCC, so --

MS. SMITH: I'm sorry. When will the transcript be ready?

MR. CRUZ: We haven't got a firm commitment from the court reporter, but it sounds like it might be a full day of processing because they're going to check the audio and the videotape

and proofread a couple times, so sounds like it would be a full day before we'd get it.

MS. SMITH: Okay.

MR. CRUZ: Yes.

MR. MURTHY: For RT location is there a quota for a CLEC maximum or minimum they should buy? Minimum probably is one, of course, but is there a maximum they can buy? I'm just thinking of a question of monopolizing and saying I want 50 percent of it.

MR. BOYER: Of ports?

MR. MURTHY: Fifty percent of ADLUs.

MR. BOYER: No, you order one port for every -- on the end user order.

MR. MURTHY: Yeah, but how many can I order? For example, the moment you put in RT, can a CLEC come and say I want --

MR. CRUZ: You're asking if you can reserve space on the ports?

MR. MURTHY: Yeah, reserve space or get or, you know, sign up.

MR. CRUZ: Ports will be assigned as you place your order.

MR. MURTHY: Order, okay.

MR. CRUZ: Per end user.

MR. MURTHY: First come, first served.

MR. CRUZ: Right.

MR. MURTHY: Okay.

MR. CRUZ: Yes.

UNIDENTIFIED SPEAKER: Can we get back to the question that Pat Escobedo brought up regarding the customer information form?

MR. CRUZ: Yes.

MR. BOYER: I can take that. You were asking what fields needed to be on the customer information form?

UNIDENTIFIED SPEAKER: She wanted to understand more about what that entails and how we would get that information.

MR. BOYER: Okay. Basically what needs to go in the customer information form is technical information like virtual coordinates that need to be programmed in our -- the OCD device which I'd said before was an ATM switch. There's quite a few parameters that need to be translated in that device for us to be able to identify your incoming traffic and route it to your ATM cloud somewhere, so we have to actually program that information into that device. So, that is the kind of information

that will need to be provided on the form. I can tell you the form's about a half a page, three-fourths of a page. It has several fields on there for virtual, what are called virtual path indicators, virtual channel indicators. It's got the coordinates of your ATM cloud because you're going to have an ATM switch somewhere on the other side of this that's going to pick it up. We need to know how to route your traffic to get it to that ATM networks. That's what's going to be on that CIF form, and you only have to do that once for each office that you're going into assuming you're going to buy or you're going to lease one port in that office. So, you just send one form in for each central office that you're purchasing a port in is what it amounts to.

MR. CRUZ: Yes.

UNIDENTIFIED SPEAKER: What docket number is the contract, proposed contract filed with the FCC?

MR. BOYER: I think it's --

MS. TAFF-RICE: I can answer that if you'd like. It's 98-141.

UNIDENTIFIED SPEAKER: What is it?

MS. TAFF-RICE: 98-141.

UNIDENTIFIED SPEAKER: Okay. Thank you.

MS. MAYS: This is Christine from North Point. I just have a quick question about the profile. You talked briefly about the profile form you're going to want CLECs to file per RT, I guess, with the different kinds of per service they want to offer out of that RT.

MR. BOYER: In regards to the profile, you will not -- you won't have to submit a profile per RT. You'll just do it once for the entire 13-state region. You'll build a profile, and it's not actually going to be a form. We're going to -- I think our plan is, and bear with me because this is still under development, but I think we're going to put access to the SOLID system available via the Internet so you can actually go in and build your profile to cover all of our RTs in the 13-state region through this one point of access. So, you will not need to submit a form for every RT.

MS. MAYS: Okay. That's good. That's good to know. Will you have to list the different RTs that you're wanting to offer that service out of and then as you change things update that?

MR. BOYER: No, no, what's going to happen is, is that the profile will be common for any place that we've deployed Litespan.

MS. MAYS: Okay. Thanks. Do you know what the -- any sense what the time frame then is between filing the profile and being able to offer that service?

MR. BOYER: We haven't established definite intervals on that. I would say that the thing that we've been leaning towards is the fact that the profile probably would need to be up for five days maybe before we started placing end user orders just to make sure there weren't any -- because obviously your end user's not going to work if the PVCs aren't built, so the profile needs to be there sometime prior to every end user order. But probably five days is what we've been leaning towards.

MR. MURTHY: On the SOLID that you mentioned that there will be Internet access to provide profile, would there be a remote provisioning access over time for the CLECs if they want to do some remote provisioning?

MR. BOYER: You mean like a partitioned access system?

MR. MURTHY: Yeah, yeah.
MR. BOYER: I can't speak to whether or not that definitely will occur. That's been --
MR. MURTHY: At this time, okay.
MR. CRUZ: I think we're done, folks.
MS. TAFF-RICE: Actually I have one last question. Sorry.
MR. CRUZ: All right. Anita, last question.
MS. TAFF-RICE: I want to make sure I'm clear. We've had some discussion today about ownership issues versus not ownership issues, so I take it what you're saying is that the letter of waiver that you've submitted to the FCC, you're only seeking to have them approve the question of ownership of the cards and ownership of the OCD.
MR. CRUZ: Correct.
MS. TAFF-RICE: So, if that's correct, then all of these other materials that you submitted, the contract and the diagrams and everything else that discusses things beyond that like deployment of DLC and the RT configuration, you are not going to consider that they've given you any kind of approval on that at the end of this process.
MR. CRUZ: I don't think we need

approval to deploy the architecture from the FCC. I mean, I think that's a corporate decision to invest the $6 billion over three years and the infrastructure to deploy the fiber. I don't think we need a --

MS. TAFF-RICE: Okay. So, there's nothing else basically that you've submitted that you think under the merger conditions you're required to get approval of?

MR. CRUZ: Anita, the only qualification I'm going to say is the contract language has changed somewhat. We've tried to highlight some of those changes in the discussion today, so obviously we submitted that weeks ago to the FCC and we labeled it as draft. We knew we were taking a risk there because we get a lot of questions on, you know, what's happened in the last three or four weeks on that contract language since we've seen it's gone through several erasures and changes.

But with respect to the only thing we're asking the waiver on, it's the ADLU plug card issue and it's the OCD ownership issue. And I think for the reasons listed that were hopefully described and outlined in today's presentation, there's some

benefit I think to both parties in allowing us to do that. So, I mean, there's economic benefits to both parties. I think there's provisioning operations, I mean, and I think those are highlighted in the slides that Chris Boyer illustrated today.

So, really that's the issue at hand, and I think that once again the purpose of the meeting was that once this filing went out for public input from all the interested parties by the FCC, the account teams started getting all kinds of questions, what's going on, what's that, what's the other, give us an update on the issues, and therefore that was really the genesis of this, plus we also wanted to share with you guys all the work that we have done with respect to the product today. So, in answer to your question, the answer is yes.

MS. TAFF-RICE: So, did the FCC ask you for the additional materials or you just decided to voluntarily submit them along with the waiver request?

MR. CRUZ: We voluntarily submitted them.

MR. KEOWN: No, they actually asked for that material.

MR. CRUZ: I'm sorry.

MR. KEOWN: I'm sorry, Rod.

MR. CRUZ: No, please correct me.

MR. KEOWN: Understand the technology that we're dealing with is extremely new. We don't -- we have it in labs and we have it in one field location. And the FCC is like the rest of us, they're learning it too. So, in order to get a feel for what it actually is and what they're actually looking at and what they're actually asking questions on, they asked for some of that information.

MR. CRUZ: I think we had an RFI.

MR. KEOWN: So, you're right, we voluntarily gave it, but they asked for it because they don't -- we're still learning the technology ourselves and they have to know it too in order to ask intelligent questions, which is what we want them to do, we want ya'll to be able to do for us.

MR. BOYER: Right. And a lot of things that we talked about, to reiterate that point, is the fact that the product development cycle which is the product, the effort that I've been heading up is we're right in the middle of developing the products on this. We're trying to develop a product which is the most feasible for our

customers which are you.

You know, it's just that we're right -- to be quite honest with you, we are right in the middle of developing this product. So, there's a lot of issues that are still unresolved which is why the contract language was in draft format. Obviously you can imagine from having any product development efforts that go on, things change as time goes by to make things more feasible, so --

MR. CRUZ: I'm going to cut the meeting. So, if we want to -- Chris and I and others can hang around here, but we just wanted to have the meeting run till 5:00 o'clock, and we do appreciate your attendance and you guys all get a gold star for hanging out till 5:00 o'clock.

(The session was concluded.)

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COUNTY OF DALLAS *

I, Karen L. Shelton, a Certified Shorthand Reporter in and for the State of Texas, do hereby certify to the following:

That the foregoing transcript is a true record of the Project Pronto presentation held on MARCH 1, 2000, at One Bell Plaza, 208 South Akard, Dallas, Texas.

CERTIFIED TO BY me in Dallas County, Texas, on this, the day of , A.D., 2000.

_____
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